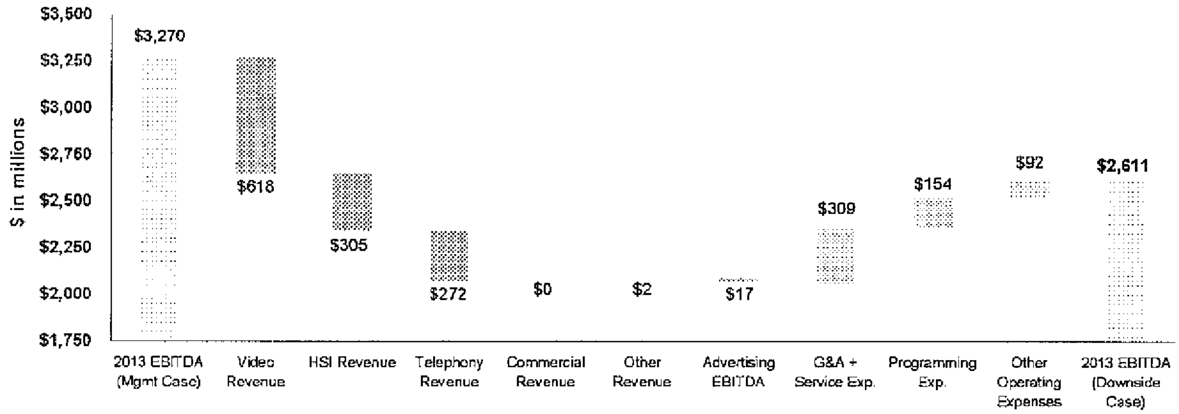
EXHIBIT JPX 234
Part 2 of 2

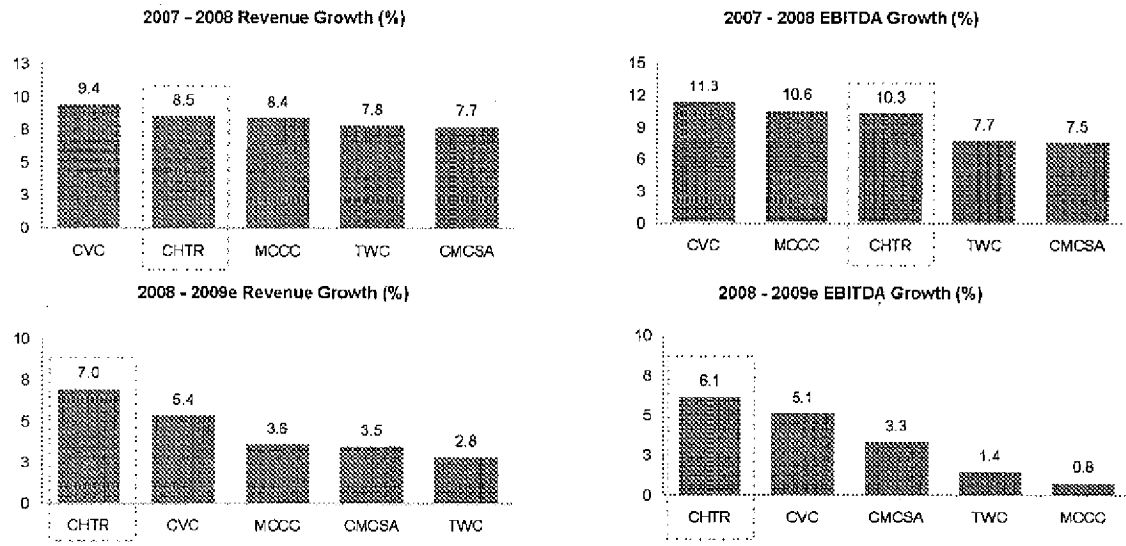


As illustrated above, the lower EBITDA in the Downside Case is primarily driven by slower revenue growth across all products, especially video, which is partly offset by reductions in programming (due to fewer video subscribers) and other operating expenses.

8.4 Industry Benchmarks

Over the past two years, Charter has shown significant improvement in its growth trajectory as it continues to roll-out its phone product and increase its HSI penetration. In 2008, the Company grew revenue and EBITDA at 8.5% and 10.3%, respectively, and is expected to continue its higher growth momentum through 2009.

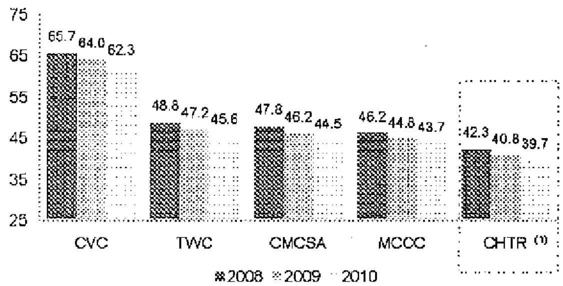
The table below compares Charter's revenue and EBITDA growth to that of its peers. Peer estimates are based on Wall Street research consensus.



As can be seen in the table above, Charter's 2009 budgeted revenue growth of 7.0% and 6.1% is above analyst estimates for its peers. However, we still feel comfortable with management's budget given Charter's relative underpenetration of advanced services, HSI and phone and its limited exposure to FiOS.

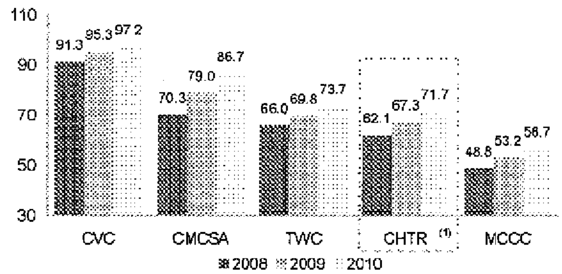
The chart below shows the Company's current and projected penetration rates compared to its peers. Peer estimates are based on Wall Street research consensus.

Basic Sub Penetration of Homes Passed (%)



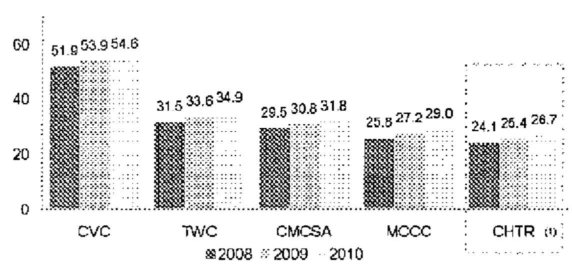
Averages (2) 2008 - 52.1
2009 - 50.6
2010 - 49.0

Digital Penetration (% of Basic Subscribers)



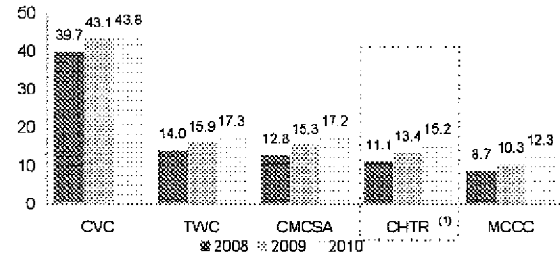
Averages (2) 2008 - 69.1
2009 - 74.3
2010 - 78.6

HSI Penetration of Homes Passed (%)



Averages (2) 2008 - 34.7
2009 - 36.4
2010 - 37.5

VoIP Penetration of Homes Passed (%)



Averages (2) 2008 - 18.8
2009 - 21.1
2010 - 22.7

(1) Charter projections based on Management Case
(2) Averages excludes Charter

As illustrated above, Charter's projected penetration rates are materially below industry averages, highlighting the Company's room for growth.

9. Returns Analysis

9.1 Value Recovery of CCH I Bonds

The table below shows the value recovery of Crestview's CCH I bond holdings at the end of 2013 (which is derived from the 0.6% equity ownership we would receive post-reorganization) at various exit multiples and operating cases. The shaded area indicates the operating case and trailing exit multiples at which Crestview would get full recovery on its CCH I bond investment based on our net cost basis of 68.5.

	'08-'13e EBITDA CAGR	LTM Exit Multiple					
		5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Downside Case	2.4%	15.3%	21.0%	26.7%	32.3%	37.9%	43.5%
Base Case	5.5%	30.8%	37.3%	43.8%	50.3%	56.8%	63.3%
Management Case	7.2%	39.9%	46.9%	53.9%	61.0%	68.0%	75.0%

As can be seen in the table above, Crestview would receive full recovery of our initial investment in $138 million face of bonds at exit multiples greater than 7.5x assuming a 7.2% EBITDA CAGR (Management Case).

9.2 Total Returns on Fund I Investment

The table below shows the combined returns on our Fund I investment in the CCH I bonds and pro rata participation in the rights offering based on a range of trailing exit multiples and the three operating cases assuming we take our full pro rata share of the rights offering.

	'08-'13e EBITDA CAGR	LTM Exit Multiple						LTM Exit Multiple					
		5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Downside Case	2.4%	(6.0%)	(0.2%)	4.3%	8.0%	11.2%	14.0%	0.75x	0.99x	1.23x	1.46x	1.70x	1.93x
Base Case	5.5%	7.1%	10.9%	14.1%	17.0%	19.5%	21.8%	1.40x	1.67x	1.94x	2.21x	2.49x	2.76x
Management Case	7.2%	12.2%	15.5%	18.4%	21.0%	23.3%	25.4%	1.78x	2.07x	2.37x	2.66x	2.95x	3.25x

Assuming a 5.5% EBITDA CAGR (Base Case) and 6.5x trailing exit multiple, the projected IRR and ROI are 14.1% and 1.94x, respectively. We would receive full recovery of our total Fund I investment even in the Downside Case at exit multiples of greater than 6x.

9.3 Returns on Fund II Investment

The table below illustrates the projected returns on the equity backstop investment based on a range of trailing exit multiples and the three operating cases.

	'08-'13e EBITDA CAGR	LTM Exit Multiple						LTM Exit Multiple					
		5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Downside Case	2.4%	11.1%	19.7%	26.7%	32.5%	37.6%	42.1%	1.57x	2.15x	2.73x	3.31x	3.88x	4.46x
Base Case	5.5%	31.0%	37.1%	42.4%	47.1%	51.3%	55.3%	3.15x	3.82x	4.49x	5.15x	5.82x	6.49x
Management Case	7.2%	39.2%	44.7%	49.5%	53.9%	57.9%	61.6%	4.08x	4.80x	5.52x	6.25x	6.97x	7.69x

As illustrated above, returns on the backstop investment are very attractive. Assuming a 5.5% EBITDA CAGR (Base Case), returns are in excess of 40% and ROIs are in excess of 4x at trailing exit multiples of approximately 6.25x or greater.

10. Investment Considerations

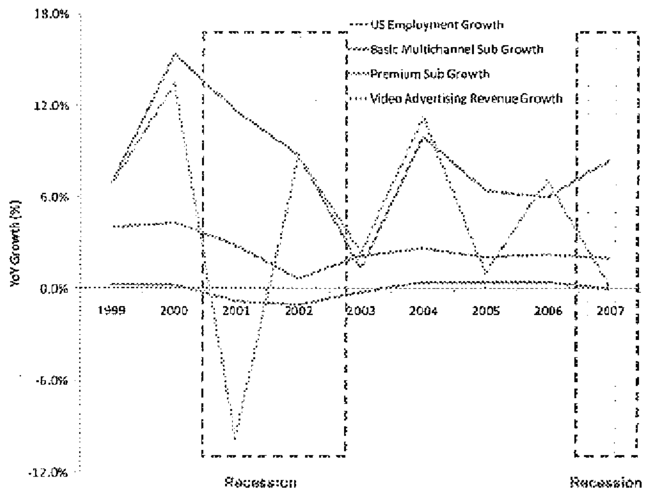
10.1 Impact of Economic Recession on Cable Industry

The recent economic downturn has impacted all industries including cable. Growth in the cable sector is expected to slow as the economy continues to soften, unemployment rises[5] and consumers cut spending and "right-size" their bills. Nonetheless, the cable sector has shown a much stronger resiliency to the current economic downturn than the broader economy which is consistent with historical results. Unlike in most other industries, analysts expect the cable sector to grow revenue in 2009, albeit in low single digits.

Historically, video subscriber growth has not been materially impacted by recessions (although we have not experienced a recession as severe as the current one). This is illustrated by the chart below, which shows basic cable subscriber growth remaining fairly steady during periods of negative US employment growth. Advertising revenue growth and premium subscriber growth, on the other hand, have been much more sensitive to the economy. Premium subscriber growth has historically lagged recessions by about a year as illustrated in the chart, which implies the worst might still be ahead for demand for premium video services like HBO and video-on-demand.

[5] The average unemployment rate in Charter's markets currently stands at 7.7%, approximately 50 basis points higher than the national average. Source: US Bureau of Labor Statistics, SNL

US Employment Growth vs. Video Growth Metrics



Source US Bureau of Labor Statistics, SNL, Kagan

This resiliency may be largely explained by the fact that consumers generally view cable television as a cheap form of entertainment and are less inclined to completely cut cable services during recessionary times. (As an aside, bad debt rates have remained fairly constant at 2% for Charter and has not spiked up so far in 2009.) According to a recent survey conducted by Nielsen (shown below), consumers have increased their television viewing in 4Q08 versus 4Q07, a sign that consumers have become increasingly reliant on cable for entertainment during this recession.

Digital Age

[illegible]

	[illegible]		[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]
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The total number of television viewers increased by 3.9 million from 4Q07 to 4Q08, while the average time watched increased by 5.5 minutes. Interestingly, the number of consumers adopting DVR, a premium, high-margin video service, increased by 20 million users, or 37%, from 4Q07 to 4Q08, showing consumers' propensity to spend on television entertainment despite the challenges facing the economy. This consumer phenomenon is further supported by the fact that consumers are flocking to movie theaters in record numbers. According to a recent New York Times article entitled "Americans Flock to the Movies, Seeking a Silver-Screen Lining" (refer exhibit F), movie theater attendance has seen nearly a 16% surge this year. This statistic underscores the trend that consumers are resorting to movies and videos for entertainment in this economic environment, which should serve cable well.

Additionally, the majority of cable ARPU growth has recently been driven by increased penetration of data and VoIP services rather than by video ARPU increases. Cable companies appear to be well positioned to continue

gaining broadband and voice share – in the former case due to technology advantage versus DSL and the increasing importance of the service, and in the latter due to price advantage versus Telco services.

Finally, MSOs have a flexible capital spending structure (over 75% of Charter's capital expenditures are success-based and 51% is expected to be CPE-related in 2009), allowing them to pare back spending if growth slows. For example, slower uptake of advanced services among existing subscribers will reduce cable companies' spending on HDTV and DVR STBs, and in turn, significantly reduce capital spending and bolster free cash flow.

10.2 Tax Attributes

One of the key sources of value in this transaction is the Company's significant tax attributes. The Company is projected to have approximately $8.4 billion of NOLs at emergence. The restructuring will generate approximately $6.1 billion of cancellation of debt income (COD), $3.4 billion of which will be inherited by CCI (the entity in which we are investing). This would leave the Company with approximately $5.0 billion of NOLs at emergence. These NOLs will be subject to Section 382 limitations and allow the Company to use an estimated $124 million per year. However, this annual limitation will be increased by the annual amortization amount of the Company's net unrealized built-in-gain ("NUBIG"), which at the time of the plan effective date will be an estimated $1.7 billion.

The schedule below shows the projected annual NOL limits including the NUBIG amortizations.

CCI Section 382 Rollforward Schedule

	Tax Year						
	2010	2011	2012	2013	2014	2015-2029	Total
Annual Base 382 Limit	$124	$124	$124	$124	$124	$124	$2,474
RBIG Increase to 382 Limit	277	710	435	273	10	0	1,705
Total 382 Annual Limit	$401	$833	$559	$397	$133	$124	$4,178
NOLs after Attribute Reduction at 12/31/2009							$5,594
CCI Expired NOLs after 382 Limit							$1,415

Another key component of tax value is the Company's high basis and potential basis step-up. If Paul Allen exchanges his 1% partnership interest for new Class A shares in CCI in a taxable exchange post-restructuring, CCI would receive a step-up in basis of approximately $3.5 billion. Although we cannot sign a formal agreement with Paul Allen to ensure that he makes the exchange, it is expected and understood that he would do so since he has tax attributes that would otherwise expire worthless. The table below summarizes the assumptions and results of the taxable exchange.

Taxable Exchange Post Bankruptcy Summary

Assumptions	▪ Vulcan exchanges into CCI shares post-bankruptcy on a taxable basis ▪ Vulcan is part of Charter bankruptcy process ▪ Charter agrees to restrictions on post-restructuring asset sales and a limitation on stock sales
Numerical Assumptions ($ in millions)	▪ Vulcan negative tax basis: $6,000 ▪ Vulcan "NOLs": $2,500 (additional capital losses unrelated to Charter likely to exist) ▪ Vulcan ownership in Charter Holdco: 45% ▪ EV of Charter post-restructuring: $15,000 ▪ COD income: $6,100
Results to Vulcan ($ in millions)	▪ Vulcan is allocated 45% of COD ($2,700) o COD is exempt because Vulcan is in bankruptcy o Negative basis is reduced to $3,300 ▪ Taxable exchange triggers $3,500 of gain o Gain is sheltered by $2,500 of "NOLs" plus capital losses ▪ Cost of $50 – $60 due to state taxes
Results to CCI ($ in millions)	▪ Step-up in tax basis of acquired portion of assets equal to FMV o Assumes $3,500 basis step-up

- Absorbs 55% of COD
    - CCI NOLs are reduced by $3,400
- Exchange leads to restriction on CCI's NOLs under section 382
    - Potential to reduce restriction if in bankruptcy in section 382(l)(6)

After the approximate $3.5 billion basis step-up resulting from the exchange, the Company would have approximately $11.4 billion of depreciable tax basis. Between the NOLs, the NUBIG amortization, the existing basis and the basis step-up, the Company's annual tax shield would be more than $2.4 billion per year and ensure that the Company would not pay any federal income taxes until 2013 when it would start paying the AMT under the Management Case projections. The Company would also be subject to about $8 million per year of state taxes. The schedule below shows how the Company's NOLs and tax assets would run through the Company's income statement over the next five years assuming the Management Case projections.

PF for Restructuring	TAX SCHEDULE	Management Case

Net Operating Losses / Tax Shields

Tax Rates	Rate
Federal Tax Rate	35%
State Tax Rate	5%
Domestic Tax Rate	40%
Annual State Taxes ($mm)	8.0
AMT Tax Rate	2%
Annual Base 382 Limitation	123.7

	2009					
($mm, unless stated)	Q4	FY	2010	2011	2012	2013
EBITDA	**655.9**	**655.9**	**2,646.3**	**2,855.8**	**3,074.4**	**3,270.4**
Less: Tax Depreciation	346.2	346.2	1,195.5	1,405.3	1,565.5	1,385.8
Less: Tax Amortization	228.9	228.9	914.7	839.5	807.8	700.8
Less: Interest Expense	322.7	322.7	845.0	900.0	885.0	817.0
Net Taxable Income	**(242.0)**	**(242.0)**	**(308.9)**	**(289.0)**	**(183.9)**	**366.8**
Net NOL Usage	242.0	242.0	308.9	289.0	183.9	(366.8)
Net Income	-	-	-	-	-	-
Beginning 382 NOL Limitation	-	-	242.0	951.4	2,073.9	2,816.7
Additional NOL Availability from 382 Limitation	-	-	400.6	833.4	558.9	396.8
Amount of 382 Limitation NOLs Used	-	-	-	-	-	(366.8)
Amount of 382 Limitation NOLs Gained	242.0	242.0	308.9	289.0	183.9	-
Total Roll Forward 382 NOL Limitation	242.0	242.0	951.4	2,073.9	2,816.7	2,846.7
NUBIG Opening Balance	1,725.1	1,725.1	1,725.1	1,448.3	738.5	303.3
Less: RBIG Increase to 382 Limitation	-	-	(276.9)	(709.7)	(435.2)	(273.1)
NUBIG Ending Balance	1,725.1	1,725.1	1,448.3	738.5	303.3	30.2
Beginning NOLs	4,976.0	4,976.0	5,218.0	5,526.8	5,815.9	5,999.8
NOLs Gained / (Used)	242.0	242.0	308.9	289.0	183.9	(366.8)
Ending NOLs	5,218.0	5,218.0	5,526.8	5,815.9	5,999.8	5,633.0
						2,786.2
GAAP Taxes	29.4	29.4	364.1	365.1	385.2	506.8
Federal Cash Taxes	-	-	-	-	-	-
State Cash Taxes	2.0	2.0	8.0	8.0	8.0	8.0
AMT CashTaxes	-	-	-	-	-	7.3
Net Cash Taxes	2.0	2.0	8.0	8.0	8.0	15.3
Ending Tax Basis	**11,767.6**	**11,767.6**	**10,837.4**	**9,784.1**	**8,525.4**	**7,540.1**
Total Potential Tax Shield	**13,734.7**	**13,734.7**	**13,237.1**	**12,596.5**	**11,645.4**	**10,417.0**

At the end of 2013, assuming the Management Case projections, the Company would have approximately $2.8 billion of NOLs without limitation, an additional $2.8 billion of NOLs with $124 million per year limitations and approximately $7.5 billion of tax basis. These tax assets would be very valuable to a potential strategic acquiror.

10.3 Credit Agreements

Covenants

Paul Weiss conducted an extensive review of the Company's existing bank credit agreement and indentures. These agreements are generally covenant light with very favorable terms. The major maintenance covenants are the 4.0x Consolidated First Lien Leverage Ratio ("Bank Leverage Ratio") and the 5.0x Consolidated Leverage Ratio ("CCO Leverage Ratio"). These ratios are determined by LQA adjusted EBITDA and have no step-down

going forward. In determining adjusted EBITDA, the credit agreements allow for certain add-backs, which include quarterly management fees of ~$34 million, non-cash/extraordinary/non-recurring items and unusual expenses relating to restructuring charges and charges related to litigation settlements. These add-backs provide favorable cushion for Charter to remain in compliance of its covenants.

The table below is a summary of the projected leverage ratios and EBITDA cushion under various operating scenarios.

Covenant Analysis (1)

		FYE Dec 31			
		2010	2011	2012	2013
Management Case					
	Covenant				
Total 1st lien CCO leverage	4.00x	2.92x	2.69x	2.48x	1.93x
% cushion		27.0%	32.8%	37.9%	51.7%
EBITDA cushion		$617	$844	$1,080	$1,622
	Covenant				
Total CCO leverage	5.00x	3.79x	3.50x	2.89x	2.32x
% cushion		24.3%	30.1%	42.1%	53.6%
EBITDA cushion		$539	$763	$1,216	$1,689
Base Case					
	Covenant				
Total 1st lien CCO leverage	4.00x	3.03x	2.83x	2.64x	2.09x
% cushion		24.2%	29.3%	34.0%	47.8%
EBITDA cushion		$517	$703	$895	$1,377
	Covenant				
Total CCO leverage	5.00x	3.93x	3.68x	3.08x	2.50x
% cushion		21.3%	26.5%	38.5%	49.9%
EBITDA cushion		$440	$622	$1,031	$1,444
Downside Case					
	Covenant				
Total 1st lien CCO leverage	4.00x	3.22x	3.08x	2.95x	2.79x
% cushion		19.4%	23.1%	26.2%	30.2%
EBITDA cushion		$363	$479	$586	$706
	Covenant				
Total CCO leverage	5.00x	4.18x	4.00x	3.44x	3.27x
% cushion		16.3%	20.0%	31.2%	34.5%
EBITDA cushion		$285	$398	$722	$824

(1) Leverage multiples based on Operating Cash Flow (EBITDA excluding corporate overhead)

As can be seen in the table above, even in the Downside Case, the Company does not go lower than a 16% cushion on its maintenance covenants.

Other key features of the credit agreement include the following negative covenants:

Restricted payments: no available basket for dividends or stock buybacks

Asset sales: 75% of proceeds must be used to pay down debt; limit of 25% of EBITDA sold per year; maximum of 50% of EBITDA sold during the life of the agreement; system swaps allowed

Due to a change of control clause in the bank agreement, Paul Allen needs to maintain at least 35% voting control to enable a successful reinstatement. Two different groups of bank debt holders: one led by JP Morgan and represented by Simpson Thacher and another led by Angelo Gordon and represented by Kramer Levin are planning on contesting the reinstatement in bankruptcy court. (We have heard that the Bank Steering Committee is comprised of GE, JP Morgan, Deutsche Bank, Eaton Vance, Angelo Gordon and Credit Suisse.) The ad hoc group of bondholders will need to prove the feasibility of the plan to the judge before getting approval. This is the largest obstacle left in consummating our pre-arranged bankruptcy restructuring plan. If the bank debt is not reinstated at identical existing terms, we will have the right to walk away. The expected fight in the courts over the feasibility of the plan gives us further comfort that upon emergence there will be no hidden traps in the bank agreement that could send the Company into default.

10.4 Debt Maturities

Post restructuring, the Company will not have any significant debt maturities until 2012. The chart below provides a schedule of debt maturities over the life of Charter's CCO and CCOH debt.

Charter Post Restructuring Debt Maturity Schedule
$ in millions

	For the year ended December 31					
	2009e	2010e	2011e	2012e	2013e	2014e
CCO Debt						
Revolver	-	-	-	-	($1,315)	-
Term Loans	(70)	(70)	(70)	(70)	(70)	(6,593)
8.375% Sr. 2nd Lien Notes	-	-	-	-	-	(770)
8.000% Sr. 2nd Lien Notes	-	-	-	(1,100)	-	-
10.875% Sr. 2nd Lien Notes	-	-	-	-	-	(546)
Total CCO maturities	($70)	($70)	($70)	($1,170)	($1,386)	($7,909)
CCOH Debt						
Sr. 3rd Lien Notes (L + 250)	-	-	-	-	-	($350)
8.750% Sr. Notes	-	-	-	-	(800)	-
Total CCOH maturities	$0	$0	$0	$0	($800)	($350)
Total debt maturities	($70)	($70)	($70)	($1,170)	($2,185)	($8,259)
Cumulative debt maturities	($70)	($140)	($210)	($1,380)	($3,565)	($11,824)
Average cost of debt	6.22%	6.42%	6.97%	7.35%	7.76%	8.01%
Assumed LIBOR curve	*1.50%*	*1.83%*	*2.74%*	*3.42%*	*3.79%*	*4.24%*

As shown in the table above, $1.1 billion of 2nd lien notes at CCO will mature in 2012. In 2013, the $1.3 billion revolver at CCO and $800 million of senior notes at CCOH will mature. In summary, Charter will need to repay ~$3.6 billion of cumulative debt maturities from 2009 through 2013 (including bank amortization).

The shaded region in the table below shows the Company's estimated funding gap under various EBITDA CAGR assumptions.

Liquidity Sensitivities

'08-'14e EBITDA	Cash Balance / (Funding Gap) - $mm					Net Debt / EBITDA					
CAGR	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	
0.0%	$750	$936	$135	($1,656)	($7,788)	5.5x	5.3x	5.2x	5.0x	4.9x	
0.5%	$776	$998	$245	($1,481)	($7,704)	5.4x	5.2x	5.0x	4.8x	4.6x	
1.0%	$803	$1,060	$357	($1,303)	($7,618)	5.3x	5.1x	4.9x	4.6x	4.4x	
1.5%	$829	$1,123	$470	($1,123)	($7,530)	5.3x	5.0x	4.8x	4.4x	4.1x	
2.0%	$856	$1,187	$584	($940)	($7,440)	5.2x	4.9x	4.6x	4.3x	3.9x	
2.4%	$822	$1,154	$588	($930)	($7,406)	5.3x	4.9x	4.5x	4.2x	3.8x	*Downside Case*
3.0%	$910	$1,316	$816	($568)	($7,254)	5.1x	4.7x	4.3x	3.9x	3.5x	
3.5%	$937	$1,381	$934	($377)	($7,158)	5.0x	4.7x	4.2x	3.8x	3.3x	
4.0%	$964	$1,446	$1,053	($185)	($7,059)	5.0x	4.6x	4.1x	3.6x	3.1x	
4.5%	$992	$1,512	$1,173	$11	($6,958)	4.9x	4.5x	4.0x	3.4x	2.9x	
5.0%	$1,019	$1,579	$1,295	$207	($6,750)	4.8x	4.4x	3.9x	3.3x	2.7x	
5.5%	$1,026	$1,608	$1,386	$359	($6,520)	4.9x	4.3x	3.7x	3.2x	2.6x	*Base Case*
6.0%	$1,074	$1,713	$1,542	$604	($6,149)	4.7x	4.2x	3.6x	3.0x	2.4x	
6.5%	$1,102	$1,781	$1,667	$806	($5,841)	4.7x	4.1x	3.5x	2.9x	2.2x	
7.0%	$1,130	$1,850	$1,794	$1,011	($5,528)	4.6x	4.0x	3.4x	2.8x	2.1x	
7.2%	$1,161	$1,902	$1,888	$1,125	($5,398)	4.6x	4.0x	3.3x	2.7x	2.0x	*Management Case*

As shown above, the Company is expected to generate sufficient cash flow to cover 2012 debt maturities even in a "no-growth scenario." Assuming that Charter is able to grow EBITDA by at least 4.5%, it would generate sufficient cash flow to also cover all 2013 debt maturities. These estimates are very conservative given that we held capital expenditures flat at approximately $1.1 billion in accordance to the higher growth Management Case. Given that 75% of capital expenditures are success-based, in a low growth case the Company would spend significantly less in capital expenditures. If we assumed that the Company spent 20% less in capital expenditures in a low growth case, Charter would generate enough cash at EBITDA CAGRs of 2% or greater to cover debt maturities through 2013.

It is evident from the table above that Charter will need to refinance the remaining CCO bank debt in 2014. However, assuming that Charter is able to grow EBITDA at a rate of 3.0%, net leverage would be less than 4x by 2013 (it should be even lower due to slower capex spend in a low-growth scenario).

10.5 Restructuring Value Plan (RVP)

At the eleventh hour of negotiations on the restructuring plan, management presented to the Committee an RVP and threatened to walk away from an agreement if the Committee did not accept the proposal. A summary of the proposed RVP is shown below:

($ in thousands)		Base Salary +	Total Restructuring Payment (Months for Completion of Restructuring)		
	Title	Target Bonus	4-6	6-12	12-18+
Executives (Insiders)					
Neil Smit	President & CEO	$4,500	$13,500	$15,750	$18,000
Michael Lovett	EVP & COO	1,704	5,111	5,963	6,815
Eloise Schmitz	EVP & CFO	919	2,756	3,216	3,675
Marwan Fawaz	EVP & CTO	852	2,555	2,981	3,407
Grier Raclin	EVP & GC & Sec	852	2,555	2,981	3,407
Ted Schremp	EVP & CMO	627	1,881	2,195	2,508
Kevin Howard	VP, Cont & CAO	366	1,097	1,280	1,463
Total Executives		**9,819**	**29,456**	**34,366**	**39,275**
		Multiple of Base and Target	*3.0x*	*3.5x*	*4.0x*
Total Other Participants		**$1,667**	**$3,334**	**$4,167**	**$5,001**
Total RVP Participants		**$11,486**	**$32,790**	**$38,533**	**$44,276**
		Multiple of Base and Target	*2.0x*	*2.5x*	*3.0x*

The RVP sparked a strongly negative reaction among Committee members including Crestview. Management insisted upon making the agreement conditional upon the acceptance of the RVP, but finally yielded and agreed to defer the RVP discussion to a later date (i.e., during our due diligence) after the Committee put heavy pressure on management to back down.

During the due diligence period, the Committee hired Mercer, to perform an assessment of the RVP and the accompanying report prepared by Towers Perrin. Based on Mercer's analysis, the compensation in the proposed RVP was significantly above market. Additionally, the RVP misaligned interests, as the management team was incented to prolong the restructuring and earn greater compensation.

Using the analysis provided in Mercer's report, the Committee came up with a counterproposal to the Company's RVP as summarized below.

($ in thousands)		LTIP	Mercer RVP	Cash Awards				Proposed Total	Company Proposed
Executives (Insiders)	Title	Mar-09	Target	Year 1	Year 2	Year 3	Total	Payments	RVP(1)
Neil Smit	President & CEO	$6,000	$6,000	$2,500	$2,500	$2,500	$7,500	$13,500	$13,500
Michael Lovett	EVP & COO	2,380	2,380	910	910	910	2,731	5,111	5,111
Eloise Schmitz	EVP & CFO	765	765	664	664	664	1,991	2,756	2,756
Marwan Fawaz	EVP & CTO	765	765	597	597	597	1,790	2,555	2,555
Grier Raclin	EVP & GC & Sec	765	765	597	597	597	1,790	2,555	2,555
Ted Schremp	EVP & CMO	765	765	372	372	372	1,116	1,881	1,881
Kevin Howard	VP, Cont & CAO	80	80	339	339	339	1,017	1,097	1,097
Total Executives		$11,520	$11,520	$5,979	$5,979	$5,979	$17,936	$29,456	$29,456
Total Other Participants		$309	$309	$1,008	$1,008	$1,008	$3,025	$3,334	$3,334
Total RVP Participants		$11,829	$11,829	$6,987	$6,987	$6,987	$20,961	$32,790	$32,790

(1) Per Towers Perrin report.

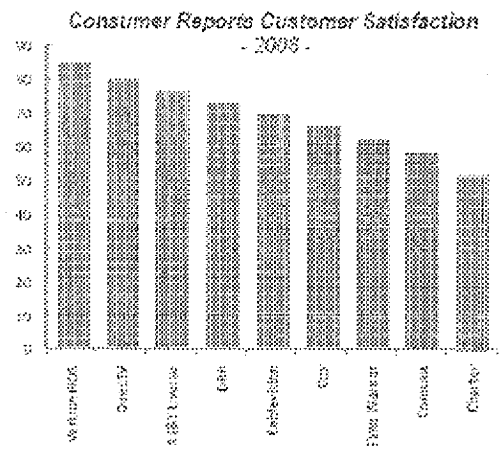
The Committee's RVP brings the restructuring compensation reward in-line with precedent pre-arranged bankruptcy RVPs while leaving the total payout to the key senior executives unchanged. The cash awards incremental to the team's current long-term incentive plan, would be paid out over the course of three years

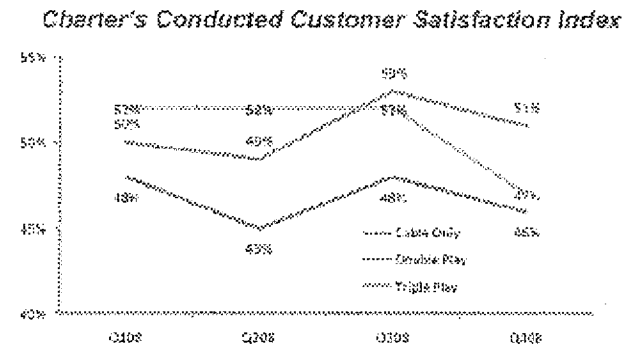
upon the achievement of specified performance targets. The counterproposal would also realign management's interests to get the restructuring done as efficiently as possible and keep the management team motivated to continue their work after the transaction and grow shareholder value. In addition to the proposed RVP and performance bonuses, we have agreed to issue at least 3% in options to the management team. Jeff Marcus and Eric Zinterhofer from Apollo were expected to deliver the Committee's counterproposal to Neil Smit in-person on March 6th in New York.

10.6 Customer Service Reputation

According to general consumer reports, Charter ranks the lowest on customer satisfaction among major video providers. Calling intensity of 5.7 calls per RGU annually is 80% above benchmark levels. In addition, average handle time ("AHT") of 8 minutes is 35% greater than best practice. Charter also reported lower satisfaction scores among higher income customers that are most likely to be targeted by AT&T and Verizon. Although, customer service indexes have improved in the recent years, it will take time to change customer perception.

The chart below is a summary of Charter's customer satisfaction performance.





Based on conversations with Neil Smit, we believe that improving the level of customer satisfaction has been a key focus of the Company over the past two years. The Company has made great strides in improving customer service. It all started with improving the quality of the plant as more than 50% of all customer calls were related to technical issues. By 2010, Charter plans to have the customer service tools and procedures to undertake a systematic approach to quality improvement and address the current issues around performance levels. We think that upon emergence, or shortly thereafter, it would make sense to re-brand the Company, as it takes a while for perception to catch up to reality. The Company's reputation for poor customer satisfaction is a key risk to our potential investment.

10.7 Cost-Saving Opportunities

Over the past two years, management has done an effective job of streamlining operations by implementing a shared services organization structure, consolidating call centers operations and reducing the number of plant headends. As discussed before, Charter has reduced its internal care centers from 15 to 8 and increased its external care centers from 5 to 14. Currently ~40% of customer care calls are outsourced which has reduced cost per call to $0.86/min. According to Herb Hribar, our consultant on customer service/network diligence, there is further opportunity to outsource operations to up to 70%. It is estimated that by 2013 there is potential to realize up to $50 million in new cash flow through improved customer care operations and reduced costs.

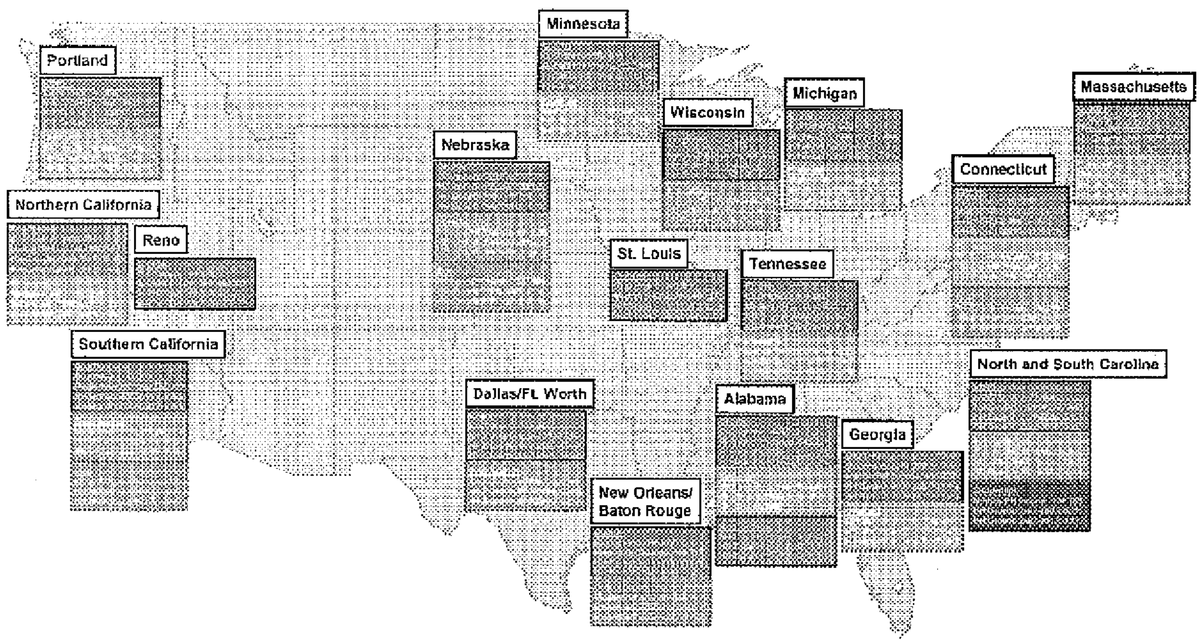
Charter currently lags ILECs in quality of service delivery. Herb believes that Charter has potential to drive cost and quality of low performing KMAs to best practice. Churn could also be reduced to an average of 2.5% across all products through increased bundling and proactive marketing retention. The Company would generate up to $200 million in additional annual cash flow by 2013 if it could lower churn to this level. Herb

also believes that the cost of service operations can be reduced from 7.7% of revenues to 'best practice' of 7.0%, generating up to $50 million of new cash flow by 2013.

The Company can also realize additional cost savings by rationalizing its real estate holdings. Many of the facilities (the majority of which are Company owned) we toured on our due diligence trips were relatively unoccupied and could be consolidated to streamline facility operating costs. Other potential areas of cost savings include plant consolidations through system swaps, conservative salary increases (management projects increases of 3.5% annually), cost-savings in CPE prices (~$65 million through 2013) and consolidation of in-source billing system ($40-$50 million by 2013).

These initiatives, if implemented, could generate total cost savings in excess of $400 million which should drive Charter's margins more in-line with those of its peers. In 2008, the Company's EBITDA margin of 35.8% was well below the MSO average of 38.8%, and even below OneLink's of 36.9%.

10.8 System Swaps
There are a number of attractive system swap opportunities that would allow the Company to consolidate its geographic footprint and cluster its systems. The map below shows Charter's markets and adjacent MSO markets.



Based on conversations with Neil Smit, we believe that Charter will have the opportunity to swap its poor-performing Los Angeles cable systems for Time Warner's Wisconsin cable systems. This interest was reconfirmed during Jeff Marcus' recent meeting with Time Warner CFO, Robert Marcus at the Deutsche Bank Media conference. Additionally, both Comcast and Time Warner have expressed interest in acquiring the Company's Worchester and Texas cable systems, respectively. Charter would realize enormous benefits from these transactions through cost rationalizations and improved marketing efficiency which would lead to improved operating margins. Additionally, any tax leakage resulting from any system swaps could be shielded by the Company's NOLs. The Company would also be allowed to keep its original basis which would most likely be higher than the assets of its swap partner.

10.9 Exit Strategy
We believe that Charter, with its footprint and significant subscriber base, is a strategic asset that will eventually generate a lot of M&A interest from large MSOs such as Comcast and Time Warner, private equity firms looking for a cable platform and sponsor-backed cable companies such as Insight and Suddenlink. As

mentioned previously, the purchase of Charter would generate meaningful cost synergies and significant tax savings.

We estimate that a large MSO would realize a 20% benefit in programming savings, a 75% reduction in corporate overhead and approximately 15% in general & administrative savings. The table below summarizes the potential synergies and costs in such a transaction.

Synergy Potential / Costs	
Programming	▪ Approx. 20% programming benefits
Corporate Overhead	▪ St. Louis corporate operations ▪ One time costs: severance and office space termination payments ▪ Approx. 75% corporate overhead savings
Regional and District Level Savings	▪ Contiguous properties should allow for regional overhead reduction ▪ District level to be evaluated ▪ Call center consolidation o Some interconnects already in place
HSI Bandwidth and Billing	▪ Potential savings based on better per sub prices ▪ Billing system rationalization
Insurance	▪ Potential synergies based on better per sub prices
Equipment	▪ Pricing on STBs, switches, plant maintenance
Potential Costs	▪ Call center integration ▪ STB integration ▪ Branding ▪ Friction from integration, channel lineup changes, new programming, etc.

Additionally, as discussed in the *Tax Attributes* section, the Company would have approximately $2.8 billion of NOLs without limitation, an additional $2.8 billion with $124 million per year limitations and approximately $7.5 billion of basis.

As illustrated in the table below, the potential synergies and tax attributes would allow a strategic acquiror to buy Charter for a higher multiple than the MSOs trading multiple and still be accretive.

Implied Purchase Price Assuming 12/31/13 Exit	
$ in millions	
Exit Assumptions:	
2013e EBITDA [1]	$3,270
Assumed exit multiple	6.0x
Total purchase price	$19,623
Synergies Assumptions:	
Programming benefits (20.0% savings)	$452
G&A & customer care savings (15.0%)	162
Corporate overhead savings (75.0%)	105
Total Synergies	$719
2013e EBITDA including synergies	$3,989
Implied purchase multiple post-synergies	4.9x
Tax Benefits:	
Value of NOLs [2]	$1,400
Estimated NPV of above-average basis [3]	800
Total present value of tax attributes	$2,200
Implied purchase price post-synergies/tax benefits	$17,423
Implied purchase multiple post-synergies/tax benefits	4.4x

(1) Based on Management Case projections
(2) Assumes a 40% tax rate, 12.5% discount rate, 5.5% applicable federal rate and no NUBIG
(3) Assumes a blended average 6-year depreciable life of tax basis, a 12.5% discount rate and that the average cable company has a tax basis equal to 20% of TEV

These calculations are rough estimates, especially the value of the tax attributes. It is difficult to predict the NOL restrictions post-merger and accompanying NUBIG calculation so we attempted to err on the conservative side. We calculated that an exit in 2013 would generate $719 million in cost synergies and $2.2 billion in tax savings for a large MSO. This implies a 1.6x reduction to the effective purchase multiple for a strategic buyer at a 6x purchase multiple.

Charter has already generated a lot of interest from large private equity firms that view this as one of the last large cable platforms available to purchase in the US. In the past few weeks, UBS has received calls from Goldman PIA, Carlyle, Providence and Blackstone, who were all trying to find a way to meaningfully participate in the $1.6 billion rights offering.

11. Valuation Analysis

11.1 Publicly Traded Comparables & Precedent Transactions

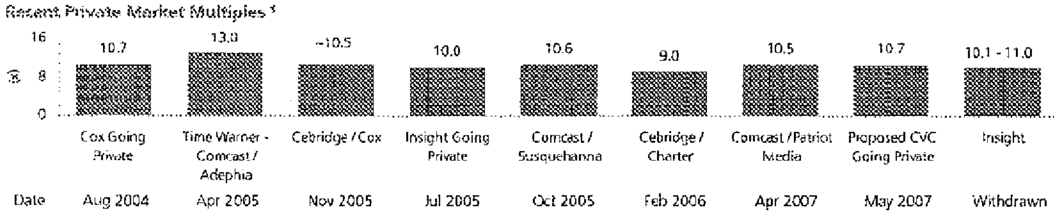
As of March 4, 2009

	Comcast		Time Warner Cable	Charter		Cablevision			Mediacom	
	WholeCo	Cable Only	Book Value	Book Value	Market Value	WholeCo (BV)	Cable (BV)	Cable (MV)	Book Value	Market Value
Current Stock Price	12.74	12.74	18.71	0.02	0.02	11.60	11.60	11.60	3.87	3.87
Equity Value	35,978	35,978	18,280	18	18	3,444	3,444	3,444	257	257
Enterprise Value	62,694	54,035	31,074	20,753	12,574	13,988	9,187	8,402	3,506	3,351
TEV / EBITDA										
2008a	4.8x	4.1x	5.0x	9.0x	5.4x	6.1x	4.5x	4.1x	6.8x	6.5x
2009e	4.6x	4.0x	5.0x	8.4x	5.1x	5.7x	4.3x	3.9x	6.8x	6.5x
2010e	4.5x	3.9x	4.8x	7.8x	4.6x	5.4x	4.1x	3.7x	6.5x	6.2x

As shown above, public cable companies are currently trading at 4-6x 2009e EBITDA (excluding Mediacom), down from historical averages of 7-9x. Comcast and Time Warner are trading at 4.6x and 5.0x 2009e EBITDA, respectively.

The table below shows cable transactions completed over the last five years and the EBITDA multiples paid.

Recent Private Market Multiples [1]



Source: UBS and Wall Street research
Note:
1 Insight multiples reflect bid / ask of $2.75 billion and $3.0 billion in 2007 auction process

As can be seen in the chart above, private market multiples have remained healthy even though public market values have eroded significantly.

11.2 Charter Valuation

Our proposed purchase price of 6.1x for the Management Case (6.27x and 6.41x for the Base Case and Downside Case, respectively) represents a premium to current public cable company valuations. However, we still believe that Charter represents the more attractive investment opportunity than Comcast and Time Warner for the following reasons:

- **Tax Assets:** Charter will have approximately $5.0 billion in NOLs and a $3.5 billion basis step-up to an already high depreciable tax base to shield future income from taxes and pass on to a potential strategic acquiror
- **Attractive Capital Structure:** Charter will have 5.3x leverage at a blended rate of approximately 6%, helping the Company generate a projected free cash flow yield of approximately 23% in 2010
- **Higher Growth Rate:** Charter has a higher projected growth rate due to its later deployment of advanced services and weaker Telco competition (FiOS is expected to overbuild only 8% of Charter territories by 2014)

➢ **Attractive Exit Alternatives:** Charter's size, attractive markets, potential cost synergies and tax attributes make it an attractive acquisition candidate for a large MSO

➢ **Greater Control:** Crestview would own approximately 12% of the total Company and Jeff Marcus would most likely be Chairman of the Board. Together with Apollo and Oaktree, we would have economic control of more than 65% of the Company

➢ **Knowledge of the Company:** Marcus Cable still comprises about 20% of Charter. We have also spent the last thirty days conducting extensive, non-public due diligence on the Company

➢ **Attractive Free Cash Flow Yield:** Charter's attractive tax attributes coupled with a reasonably priced capital structure lead to industry high cash flow yields. The analysis below compares Charter's cash flow yield to that of its peers

Levered Free Cash Flow Yield Analysis [1]
Based on 2009 Estimates
$ in millions

	[illegible]	[illegible]	[illegible]
EBITDA	$2,457	$13,552	$6,276
Net interest expense	(827)	(2,320)	(1,334)
Cash taxes	(8)[3]	(1,315)	(116)
Capex	(1,173)	(5,429)	(3,257)
Change in working capital [4]	0	0	0
Levered FCF	449	4,489	1,568
Equity value	$2,149[5]	$35,978	$18,280
Levered FCF yield	20.9%	12.5%	8.6%

(1) Comcast and TWC estimates based on Wall Street research consensus.
(2) Charter estimates based on Management Case
(3) Charter pays approximately $8 million of state taxes annually
(4) Assumes normalized working capital of zero for all comps
(5) Based on valuation post-rights offering

As illustrated above, Charter has a significantly higher free cash flow yield than Comcast and Time Warner despite its EBITDA valuation premium.

12. Investment Highlights

➢ *Strong Projected Returns*
- Pro rata investment returns for a 5.5% EBITDA CAGR case are in excess of 40% IRR and 4x ROI for exit multiples $\geq$ 6.25x

➢ *Manageable Telco Competition*
- Verizon is only expected to overbuild approximately 8% of Charter's territories by 2014
- AT&T is expected to overbuild approximately 35% of its territories by 2014, but U-Verse is less of a threat given its fiber to the node strategy and slowing deployment (AT&T announced it was going to slow its capital expenditures and focus on its wireless business)
- To date, Telcos have built out video in only approximately 18% of Charter's market by homes passed

➢ *Attractive Exit Alternatives*
- Charter is an attractive acquisition candidate for both Time Warner and Comcast (assuming the subscriber cap is adjusted or removed) given its attractive markets and size as well as for smaller strategics and private equity firms who would be interested in certain systems and regions
- Synergies from programming and high speed internet (HSI) savings could be worth 1x of EBITDA in a merger scenario
- We believe that in a normalized market a strategic would pay 7-8x for this asset

➢ *Significant Tax Attributes*
- Pro forma for the restructuring, Charter will have $3.5 billion of basis step-up and $5.0 billion in NOLs
- Charter will not pay any meaningful taxes in the near future
- These tax attributes could be very valuable to a potential strategic acquiror

➢ *Appropriately Levered and Reasonably Priced Capital Structure*
- Pro forma for the rights offering, the Company would be levered at 5.3x 2009e EBITDA

- The average cost of the debt would be approximately 6-7%

- *Resiliency of Cable Sector in Economic Downturns*
  - Cable companies have historically fared well even in economic downturns
  - With 2009 earnings visibility nonexistent in most sectors, cable seems to be one of the safer potential investment areas
- *Higher Growth Potential Relative to its Peers*
  - Charter lags its peers in terms of HSI, phone and advanced services penetration due to later deployment
  - Current EBITDA margin of 35.8% (FY2008a) is significantly lower than the large MSOs (~38.8%) and even trails OneLink (36.9%)
- *Attractive Valuation Relative to Historical Industry Averages*
  - Public cable companies have historically traded in the 7-9x EBITDA multiple range
  - Private transactions have historically been completed in the 9-12x EBITDA multiple range
- *Familiarity with the Company*
  - Marcus Cable still comprises 20% of Charter
  - We invested in the CCH I bonds over 2.5 years ago and have followed the Company closely since
  - We conducted 30 days of extensive, non-public due diligence on the Company
- *Strong Management Team*
  - Charter's performance has turned around and is closing the gap with its peers in the industry since Neil Smit (President & CEO) came to the Company in 2005
  - Neil Smit greatly impressed our deal team and all of our due diligence advisors
  - We were also very impressed by COO, Michael Lovett, CTO Farwan Fawaz and CMO, Ted Schremp
- *Impressive Recent Financial Performance*
  - Charter has experienced double-digit EBITDA growth for the last nine quarters

13. Risks and Mitigants

Risks	Mitigants
▪ **Investment Concentration** o Assuming we will need to pay off the Deutsche Bank loan in June with equity, we would invest a combined $321 million (net of interest payments received) of equity in Charter (Fund I – $152 million; Fund II – $169 million)	▪ We will most likely be able to exit our investment in stages after the company goes public ▪ We will still be at or under the 10% investment threshold for both Fund I and Fund II
▪ **Plan Valuation at Premium to Current Comps** o The large, public MSOs are currently trading at 4-6x EBITDA	▪ Private market multiples are still significantly higher than public multiples (8-10x in 2007 and 2008) ▪ There would be approximately 1.5x of cost synergies and tax savings in a merger scenario with a larger MSO
▪ **Minority Ownership Position** o Even with a $169 million equity investment out of Fund II, Crestview would own no more than 12% of the Company	▪ Jeff Marcus would most likely become Chairman of the Company ▪ Committee members find Jeff Marcus's cable industry experience valuable and would likely seek his guidance on business strategy, giving Crestview greater influence on the Company ▪ Together with Apollo and Oaktree (whom we have very good relationships with), we would have economic control of more than 65% of the Company
▪ **Public Valuation** o Post-restructuring, Charter will be publicly traded and subjected to a market-based valuation	▪ Cable company valuations should recover over time and reach normalized levels ▪ Charter should trade at a premium given significant M&A potential, favorable tax attributes and attractive capital structure ▪ There appear to be many private equity buyers in the market that are interested in Charter
▪ **Significant Leverage** o Post-restructuring, the Company will be	▪ The Company is expected to generate substantial free cash flow even in our Downside Case ($2.1 billion in a

levered at 5.3x	4.25 year period) ▪ Fixed coverage ratio in 2009 is expected to be 1.3x ▪ The restructured Company would be free cash flow break-even at approximately $2.1 billion of EBITDA, or 14% lower than 2009e EBITDA of $2.46 billion
▪ **Debt Maturities** o The Company has $1.1 billion and $2.1 billion of maturities due in 2012 and 2013, respectively, before the entire bank loan matures in 2014	▪ Charter will generate sufficient free cash flow to repay debt maturities through 2013 at EBITDA CAGRs of 2.5% and higher assuming slower capital expenditure spend in a low-growth scenario
▪ **Poor Customer Satisfaction** o Charter ranks the lowest on customer satisfaction among major MSOs	▪ Company has demonstrated significant progress over the past couple of years ▪ Improving customer care operations is now a key area of focus for management ▪ There is a good opportunity for re-branding upon emergence

14. Due Diligence

Over the past several weeks, Crestview along with the other restricted bondholders conducted extensive non-public due diligence on the Company. The diligence process was led by Crestview and Apollo and involved numerous meetings with Charter's senior management team, site visits and conference calls.

14.1 Advisors

We hired advisors/consultants to assist us with analyzing several diligence topics as listed below:

Summary of Advisors

Topic	Advisor(s)	Role
Markets / Competition	Altman Vilandrie – media and communications-focused consulting firm that specializes in cable and Telco strategy	Assisted us with building a detailed bottoms-up revenue model and analyzed the competitive landscape, customer demographics, product offering and company sales strategy
Company Operations	Herb Hribar – Mr. Hribar is formerly the COO of Kabel Deutschland, COO of Cablecom and MD of Eircom. Herb had been engaged on a number of similar cable assignments with other private equity firms, bringing invaluable experience and knowledge expertise throughout our diligence process.	Provided views on company operations relating to networking, product performance, capex, customer service / retention and churn.
Accounting / Tax / HR / Insurance / IT	PricewaterhouseCoopers ("PwC")	PwC performed accounting, tax, HR, insurance and IT due diligence on the Company.
Legal / Regulatory	Paul Weiss, Chadbourne & Parke	Paul Weiss performed legal, environmental and credit agreement due diligence. Chadbourne reviewed Charter's franchise agreements and regulatory compliance.
Programming	Anchor Pacific	Anchor Pacific reviewed Charter's programming contracts and analyzed the Company's video programming expense projections.
Restructuring Value Plan ("RVP")	Mercer	Provided an assessment of management's proposed Restructuring Value Plan and recommended an alternative more in line with market.

14.2 Due Diligence Synopsis

The restricted bondholder group held its first meeting with Charter's senior management on January 27th in New York. Attendees from Charter included Neil Smit (CEO), Michael Lovett (COO) and Eloise Schmitz (CFO). Jeff Marcus, Barry Volpert and Bob Delaney attended the meeting from Crestview's team. The management team presented a detailed overview of the Company's operations, 2008 performance and high level 2009 projections.

Neil and Eloise subsequently followed up on February 4th in New York with a more detailed presentation on the 2009 budget and the Company's five-year projections. The meeting was attended by a larger audience including Crestview's broader deal team. Although the discussion involved more Q&A between the restricted bondholder group and management than in the January 27th session, we did not have the opportunity to drill down on the projections.

Upon Charter's acceptance of our commitment letters and term sheet, the restricted bondholder group entered the thirty-day diligence period. We kicked off the diligence process during the week of February 16th with a two-day visit to the Company's headquarters in St. Louis. The Crestview team as well as the other restricted bondholders met with key members of management. Charter's management team conducted a series of presentations, addressing the following topics:

February 17th-18th St. Louis Diligence Session – Management Presentations

Topic	Presenters	Summary Discussion Points
Networking / Capex	**Marwan Fawaz**, Chief Technology Officer **Matt Bell**, Vice President, IP Engineering & Development **Keith Hayes**, Vice President, Network Operations and Engineering Services	▪ Network overview ▪ Video platform overview ▪ IP network architecture ▪ Network engineering and operations support ▪ Capital expenditures
IT / Customer Care	**Joe Stackhouse**, Senior Vice President, Customer Operations **Tracy Pitcher**, Vice President, Care Operations	▪ Care center operations overview ▪ Customer care strategy (Enterprise CEI+) ▪ Historical customer care performance and key statistics (service level, average speed of answer, abandonment rate, average handling time, revenue per call, etc.)
Company Operations / Marketing Strategy	**Neil Smit**, President & CEO **Ted Schremp**, Senior Vice President, Chief Marketing Officer	▪ Overview of company operations, strategy, key statistics ▪ Details by KMA ▪ Market demographics ▪ Telco competition ▪ Marketing strategy by product ▪ Acquisition, migration and retention strategies
Programming / Retransmission Content	**Greg Rigdon**, Senior Vice President, Business Development of Programming	▪ Current Charter packaging ▪ Programming expense and deal renewals ▪ Current and future open deals ▪ Retransmission consent
Financial Model	**Eloise Schmitz**, CFO	▪ 2008 review (vs. budget and prior year) ▪ Detailed review of 2009 budget including monthly budget ▪ Drill down of management projections

The St. Louis visit also included a tour of the Company's main call center and one its residential network operations centers. The Crestview team spent a significant amount of time with management during the St. Louis visit, and the senior partners of Crestview, Apollo and Oaktree – Jeff Marcus, Eric Zinterhofer and Ken Liang – had the opportunity to spend quality time with Neil and were very impressed by his leadership skills, determination and relationship with the rest of the management team.

Subsequent to the trip to St. Louis, the deal team and our advisors held conference calls with Charter's management to discuss several other diligence topics. The table below provides a summary of the conference calls:

February 19th-20th Conference Calls		
Topic	**Participants**	**Summary Discussion Points**
Tax Issues	Eloise Schmitz, CFO Charter Tax Team Ernst & Young, Charter's accountants Kirkland & Ellis, Charter's legal counsel PwC Paul Weiss UBS Houlihan Bondholder group	▪ Review of NOLs o Expiration dates o Potential section 382 limitations ▪ Discussion of basis step-up ▪ Capital account balances and other Charter Holdco LLC tax issues ▪ Break-up and asset sale analysis ▪ Overview of open federal tax items and material tax issues ▪ Overview of state and local taxes ▪ Analysis of potential property and state taxes
HR / Benefits / Insurance	Eloise Schmitz, CFO Charter HR Team Charter Treasurer Charter General Counsel PwC Paul Weiss UBS Houlihan Bondholder group	▪ Review of organizational structure ▪ Review of current employee benefit plans o Salary o Bonus o Commission o Benefits and medical plans, premium costs and employee contribution rates ▪ Historical and current workers compensation claims ▪ Employee complaints and litigation ▪ Employee turnover analysis ▪ Employee handbook ▪ Review of current insurance policies ▪ Key personnel / background
Regulatory / FCC Issues	Charter General Counsel Paul Weiss Chadbourne & Parke UBS Houlihan Bondholder group	▪ Review of any potential regulatory issues (i.e., access tariffs, VOIP regulation) ▪ Review of local regulations relating to video, voice or data services ▪ Competitors licenses ▪ Status of franchise rights and potential issue related to transfer / extension of rights o State versus local franchise rights o Schedule of expirations
IT / Reporting Systems	Marwan Fawaz, CTO Head of IT Herb Hribar PwC UBS Houlihan Bondholder group	▪ Key IT architecture o KPI reporting o Key vendors / annual spend o Software and hardware architecture ▪ Overview of IT / reporting systems o Preventative maintenance programs o Proof of performance testing o Outage logs o Other reporting ▪ Discussion of hardware expenses and software licensing fees o Company systems and infrastructure ▪ Lockbox, HR system, payroll system ▪ Desktops, laptops, handhelds, mobiles, peripherals, servers, printers, collections o Software contracts (license and maintenance agreements) ▪ Business, email, security, anti-virus, accounting, general ledger, collections ▪ Interactive program guide (vendor, software version in use) ▪ Middleware deployment (vendor and software version) o Documentation (system, user, operator, technical,

change management)
  - o Workforce management system
- Outsourcing and consulting arrangements
- Major IT projects and associated ROI spend

From February 25th-26th, the deal team made site visits to the Company's key facilities in Wisconsin, Minnesota and Los Angeles. The Apollo and Crestview deal teams were accompanied by Neil Smit, Michael Lovett, Steve Apodaca (President of West Operations Group) and Larry Kaschinske (VP of Finance). We met with the KMA management teams and took tours of the hub distribution center in Madison and lobby and call centers in all three of the markets.

On March 2nd, we had a call with Eloise Schmitz and the rest of the finance team to review the Company's monthly 2009 cash budget.

14.3 Selected Diligence Findings

Quality of Earnings Report

PwC analyzed the quality of Charter's FY2006-2008 EBITDA and concluded that the historical numbers were mostly clean with very few adjustments that were immaterial. PwC commented that cable businesses are generally clean and intuitive business models with few moving parts, so this outcome was expected.

Tax

The Company could face up to a $35 million tax charge in the state of Michigan for COD income. Paul Allen cannot be legally bound to make the Company-preferred taxable exchange post-restructuring, but he is highly incented to do so. However, there is a risk that he might only exchange 70% of his interest to match his expiring tax attributes. This would lower the basis step-up from $3.5 billion to $2.5 billion. The IRS could rule that the Section 382 limit for the annual NOL usage should be $2 million instead of the $124 million because the value of the Holding Company should not include the value of the assets held at HoldCo. This would be a very weak argument. There is risk and upside to the allocation of the NUBIG from current estimates. Allocation away from the favorable financing to franchises would result in more restrictive NOL usage.

Regulatory Issues

Chadbourne did not find any major issues while reviewing regulatory documents but found Charter's regulatory team to be fairly disorganized. It was determined that ~5% of the Company's franchises, covering ~5% of its analog subscribers, were expired and that less than 0.5% do not have FCC 626 letters on file. Charter expects ~8% of its franchises to expire by the end of 2009. There are no regulatory litigation situations that would result in a material liability for the Company. Upon reviewing pole attachment agreements, it was determined that Charter is likely to incur a moderate increase in pole attachment costs as the FCC determines a higher rate applicable for VoIP-based telecommunication services.

Legal Issues

Paul Weiss believes that, at this point, there are no material issues that would adversely affect the proposed restructuring. Upon reviewing vendor contracts, particularly for set-top boxes and call centers, it was determined that certain vendors, upon Charter filing for bankruptcy, could terminate their contracts if such default is not cured within an applicable grace period. However, Paul Weiss believes that such clauses are generally not enforceable and that it is in the bankruptcy court's discretion to allow for such termination. The Company also listed that it currently has 59 settled/pending lawsuits which are not expected to have a material impact on its financial health.

15. Next Steps / Schedule

- Backstop parties to remove due diligence condition from their commitment on March 11th
- The Company plans to file the restructuring plan and disclosure statement between March 11th and April 1st – these filings would commence Chapter 11 proceedings
- Bankruptcy Court approves the plan – most likely within 50 days
- Need two weeks to finalize all of the documents
- Need 3-4 weeks to solicit acceptances for the plan
- During the solicitation of the votes, CCH I holders can shop their detachable rights
- CCH II holders need to decide if they want to roll their debt or take cash
- Return to bankruptcy court to get final plan approval
- Wait for all of the conditions to be satisfied such as franchise and FCC approvals
- Close and emerge from bankruptcy (September 2009)
- Charter to list shares on exchange after 45 days to satisfy mutual fund holders liquidity requirements (October/November 2009)

16. Recommendation

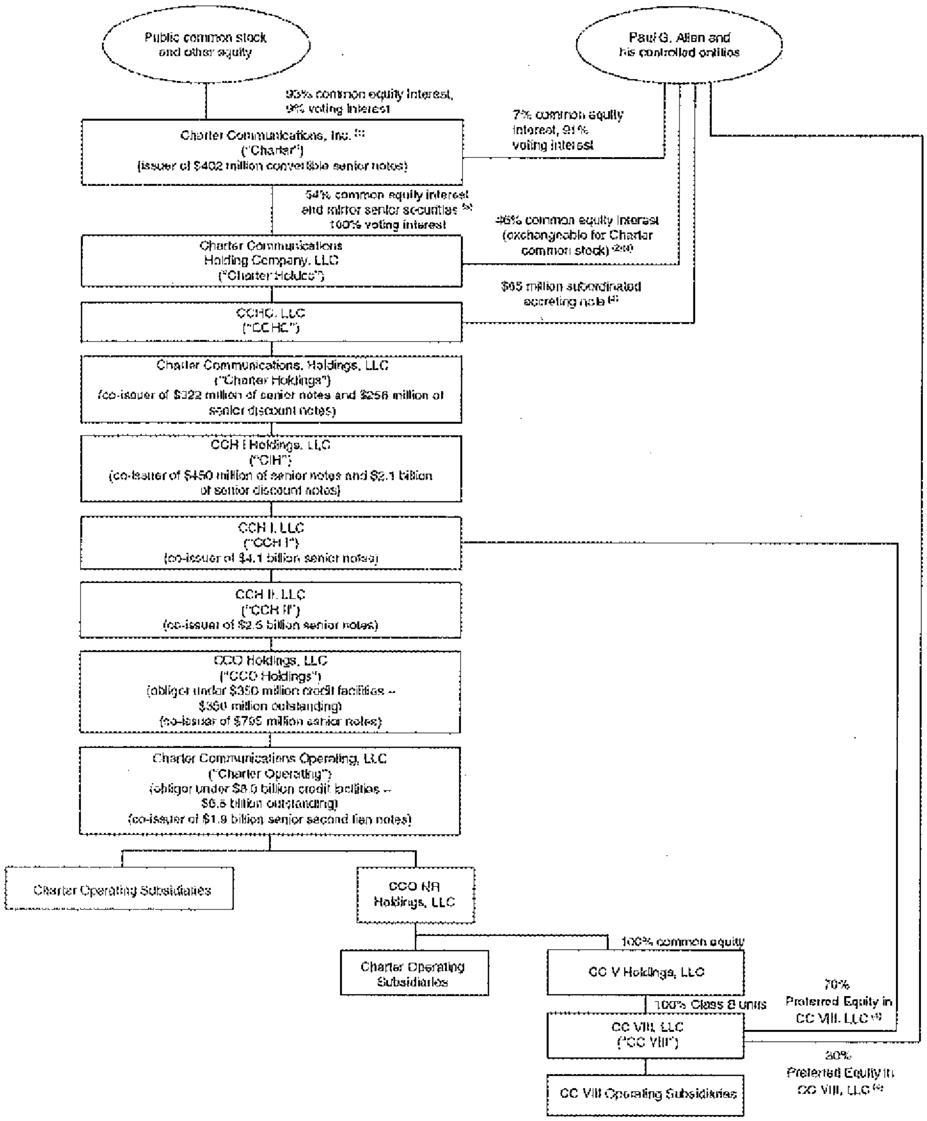
We recommend that Crestview firm up its current non-binding commitment to invest up to $225 million in the $1.6 billion rights offering priced at a valuation of 6.1x 2009e EBITDA. Our investment would be comprised of our approximate $56 million pro rata share of the rights offering from our ownership of $138 million of face of the CCH I bonds and up to an additional $169 million as part of the rights offering backstop. If the rights offering is fully subscribed, our total investment would likely come down to $139 million.

17. Exhibits

Exhibit A – Company Organizational Structure
Exhibit B – Rights Offering Returns Analysis Model Summary
Exhibit C – Excerpts from Herb Hribar's Diligence Report
Exhibit D – Excerpts from Altman Vilandrie's Diligence Report
Exhibit E – Rights Offering Subscription Schedule
Exhibit F – Recent News Articles
Exhibit G – Comparison of Current Returns and Returns in 2/10/2009 IC Memo

Exhibit A – Company Organizational Structure

The chart below sets forth the Company's organizational structure:



The equity ownership, voting percentages, and indebtedness amounts shown below are approximations as of December 31, 2007, and do not give effect to any exercise, conversion or exchange of then outstanding options, preferred stock, convertible notes, and other convertible or exchangeable securities.

(1) Charter acts as the sole manager of Charter Holdco and its direct and indirect limited liability company subsidiaries. Charter's certificate of incorporation requires that its principal assets be securities of Charter Holdco, the terms of which mirror the terms of securities issued by Charter.

(2) These membership units are held by Charter Investment, Inc. ("CII") and Vulcan Cable III Inc., each of which is 100% owned by Paul G. Allen, Charter's Chairman and controlling shareholder. They are exchangeable at any time on a one- for- one basis for shares of Charter Class B common stock, which in turn are exchangeable into Charter Class A common stock on a one- for- one basis.

(3) The percentages shown in this table reflect the 24.8 million shares of Class A common stock outstanding as of December 31, 2007 issued pursuant to the Share Lending Agreement. However, for accounting purposes, Charter's common equity interest in Charter Holdco is 52%, and Paul G. Allen's ownership of Charter Holdco through CII and Vulcan Cable III Inc. is 48%. These percentages exclude the 24.8 million mirror membership units outstanding as of December 31, 2007 issued pursuant to the Share Lending Agreement.

(4) Represents preferred membership interests in CC VIII, a subsidiary of CC V Holdings, LLC, and an exchangeable accreting note issued by CCHC related to the settlement of the CC VIII dispute.

MANAGEMENT CASE

Crestview Investment in Rights Offering

	$mm
Fund I investment - pro rata [1]	$56.4
Fund II investment - backstop	$168.6
Total investment	**$225.0**
Total capital committed	$225
Crestview commitment fee earned (3.0%)	$6.8

Crestview Equity Ownership

Fund I	
Ownership from existing CCH I bonds [1]	0.6%
Ownership from pro rata share of rights offering	2.7%
Total	3.4%
Fund II	
Backstop	8.1%
Total Crestview ownership	11.5%

Model Assumptions

Reorganization multiple	6.18x
2009e Plan EBITDA	$2,457
Exit multiple	6.5x
Rights offering discount	25.0%
Rate for new CCH II notes	13.5%
Value of Vulcan's CCVIII	$150
Vulcan post-money tip	3.0%
Commitment fee	3.0%
Preferred PIK rate	15.0%
CCH II notes to Vulcan	$85

Options & Warrants

	Pre-Money	Post-Money	Strike Price
Management options		3.0%	$2,149
Warrants to Vulcan		4.0%	$2,149
Warrants for junior debt holders:			
to CIH	5.0%	1.1%	$5,300
to CCH	1.0%	0.2%	$5,800
Total	6.0%	1.3%	

Sources & Uses

Sources

	$mm	%
Rights Offering		
Crestview pro rata [1]	$56	3%
Crestview backstop	$169	10%
Other participants	1,404	86%
Proceeds from rights offering	$1,629	100%
Overallotment of Rights Offering:		
Proceeds from overallotment	$0	0%
Total proceeds from rights offering	**$1,629**	**100%**
CCH II new 13.5% notes	$267	
Rolled CCH II notes	1,349	
Total sources	$3,244	

Uses

	$mm	%
Cash out CCH II notes	$1,407	43%
Rolled CCH II notes	1,349	42%
Additional cash on balance sheet	488	15%
Total uses	$3,244	100%

Capitalization at 6.18x Reorganization @ 9/30/09

Pre-Rights Offering

	$mm	2009e EBITDA Multiple
Debt Summary		
CCO debt	$10,622	4.32x
CCOH debt	1,150	4.79x
CCH II debt	2,459	5.79x
CCH II accrued interest	297	5.91x
Total debt	**$14,528**	**5.91x**
Excess cash [2][3]	$570	(0.23x)
Net debt	**$13,957**	**5.68x**
Vulcan debt tip	85	
Value of warrants	62	
Value of CCI PIK preferred	72	
Cash collateralized L/C facility	(150)	

Pre-Rights Offering Equity	$mm	% Own.
CCH I bondholders	$519	86.2%
Vulcan bank reinstatement tip	83	13.8%
Total equity value	**$602**	**100.0%**
Total enterprise value	**$14,529**	**5.95x**

Post-Rights Offering

	$mm	2009e EBITDA Multiple
Debt Summary		
CCO debt	10,622	4.32x
CCOH debt	1,150	4.79x
CCH II new notes	1,701	5.48x
Total debt	**$13,472**	**5.48x**
Excess cash [3]	$346	(0.14x)
Net debt	**$13,126**	**5.34x**
Vulcan debt tip	0	
Value of warrants	62	
Value of CCI PIK preferred	72	
Cash collateralized L/C facility	(150)	
Fees (paid in 4Q09)	82	
Post-emergence restrucing exp.	102	
Adjustments	(180)	

Post-Rights Offering Equity	$mm	% Own.
CCH I holders - pre-money equity	$402	18.7%
CCH I holders - rights offering equity	1,682	78.3%
Vulcan bank reinstatement tip	64	3.0%
Total equity value	**$2,149**	**100.0%**
Total enterprise value	**$15,263**	**6.21x**

Financial Summary Projections

	FYE 12/31/08	FYE 12/31/09	3 Mo. Ended 12/31/09	FYE 12/31/10	FYE 12/31/11	FYE 12/31/12	FYE 12/31/13	'08-'13 CAGR
Key Financials								
Revenue	$6,467	$6,919	$1,772	$7,362	$7,830	$8,331	$8,808	6.4%
% growth		7.0%	n/a	6.4%	6.4%	6.4%	5.7%	
EBITDA	2,315	2,457	653	2,646	2,856	3,074	3,270	7.2%
% growth		6.1%	n/a	7.7%	7.9%	7.7%	6.4%	
% margin	35.8%	35.5%	36.9%	35.9%	36.5%	36.9%	37.1%	
Net cash interest expense			(207)	(845)	(900)	(885)	(817)	
Income taxes			(2)	(8)	(8)	(8)	(15)	
Δ in working capital			15	79	55	89	85	
Capex			(268)	(1,180)	(1,192)	(1,115)	(1,101)	
Bank debt amortization			(18)	(70)	(70)	(70)	(70)	
Debt maturities			0	0	0	(1,100)	(2,115)	
Commitment fee			(82)	0	0	0	0	
FCF after financing activities			**$92**	**$622**	**$741**	**($14)**	**($763)**	
Cash balance		**446**	**539**	**1,161**	**1,902**	**1,888**	**1,125**	
Funding gap		0	0	0	0	0	0	
Debt Capitalization Summary		@ 9/30/09 PF						
CCO debt		10,622	10,534	10,534	10,464	9,294	7,909	
CCOH debt		1,150	1,150	1,150	1,150	1,150	350	
CCH II new notes		1,701	1,701	1,701	1,701	1,701	1,701	
Total debt		$13,472	$13,385	$13,385	$13,315	$12,145	$9,960	
Total cash		446	539	1,161	1,902	1,888	1,125	
Net debt		13,026	12,846	12,223	11,413	10,257	8,835	
CCI PIK preferred note		72	75	86	99	114	131	
LIBOR rate			1.5%	1.8%	2.7%	3.4%	3.8%	
Credit Statistics								
Interest coverage ratio [5]			3.12x	3.07x	3.07x	3.33x	3.86x	
Fixed charge coverage ratio [6]			1.42x	1.57x	1.66x	1.97x	2.37x	
		Covenant						
Total 1st lien CCO leverage		4.00x	2.98x	2.92x	2.69x	2.48x	1.93x	
% cushion			25.4%	27.0%	32.8%	37.9%	51.7%	
EBITDA cushion			$410	$617	$844	$1,080	$1,622	
		Covenant						
Total CCO leverage		5.00x	3.86x	3.79x	3.60x	2.89x	2.32x	
% cushion			22.7%	24.3%	30.1%	42.1%	53.6%	
EBITDA cushion			$336	$639	$763	$1,216	$1,689	
Total leverage			5.48x	5.06x	4.66x	3.95x	3.05x	
Net leverage			5.26x	4.62x	4.00x	3.34x	2.70x	

Valuation @ Exit (12/31/13)

FY2013e EBITDA	$3,270
Exit multiple	6.5x
Total enterprise value	$21,258
Net debt @ 12/31/13	(8,835)
CCI PIK preferred note	(131)
Equity value	$12,293
Less options/warrants:	
Management options (3.0%)	(304)
Warrants to Vulcan (4.0%)	(406)
Warrants to CIH (1.1%)	(76)
Warrants to CCH (0.2%)	(14)
Equity value adj. for options/warrants	**$11,493**

Returns Analysis

CCH I Bond Recovery	
Equity value @ 0.6% ownership	$74
Face value of CCH I bond investment	138
Recovery	53.9%
Fund I Return	
Crestview equity @ 3.4% ownership	$386
Add: Net interest received	23
Less: Repayment of Dune loan	(3)
Return on investment	**$405**
Equity invested	171
IRR	18.4%
ROI	2.37x
Fund II Return	
Crestview equity @ 8.1% ownership	$932
Backstop investment	169
IRR	48.5%
ROI	5.52x

Notes

1. Based on Crestview's $138 million investment in CCH I notes ($3,987 million total outstanding)
2. Excludes some cash outflow items that are incurred post rights-offering including $460 million swap payment, $150 million cash collaterization of L/Cs and other adjustments (timing of interest payments of $82.1 million and contingency amount of $30.0 million)
3. Excludes $100 million of maintenance cash
4. Vulcan debt tip of $85 million accounted for in CCH II new notes
5. Interest coverage ratio defined as EBITDA divided by gross cash interest expense
6. Fixed charge coverage ratio defined as EBITDA less capex divided by gross cash interest expense and bank amortization

BASE CASE

Crestview Investment in Rights Offering	$mm
Fund I investment - pro rata [1]	$56.4
Fund II investment - backstop	$168.6
Total investment	$225.0
Total capital committed	$225
Crestview commitment fee earned (3.0%)	$6.8

Crestview Equity Ownership	
Fund I	
Ownership from existing CCH I bonds [1]	0.6%
Ownership from pro rata share of rights offering	2.7%
Total	3.4%
Fund II	
Backstop	8.1%
Total Crestview ownership	11.5%

Model Assumptions	
Reorganization multiple	6.18x
2009e Plan EBITDA	$2,457
Exit multiple	6.5x
Rights offering discount	25.0%
Rate for new CCH II notes	13.5%
Value of Vulcan's CCVIII	$150
Vulcan post-money tip	3.0%
Commitment fee	3.0%
Preferred PIK rate	15.0%
CCH II notes to Vulcan	$85

Options & Warrants	Pre-Money	Post-Money	Strike Price
Management options		3.0%	$2,149
Warrants to Vulcan		4.0%	$2,149
Warrants for junior debt holders:			
to CIH	5.0%	1.1%	$5,300
to CCH	1.0%	0.2%	$5,800
Total	6.0%	1.3%	

Sources & Uses

Sources	$mm	%
Rights Offering		
Crestview pro rata [1]	$56	3%
Crestview backstop	$169	10%
Other participants	1,404	86%
Proceeds from rights offering	$1,629	100%
Overallotment of Rights Offering:		
Proceeds from overallotment	$0	0%
Total proceeds from rights offering	$1,629	100%
CCH II new 13.5% notes	$267	
Rolled CCH II notes	1,349	
Total sources	$3,244	

Uses	$mm	%
Cash out CCH II notes	$1,407	43%
Rolled CCH II notes	1,349	42%
Additional cash on balance sheet	488	15%
Total uses	$3,244	100%

Capitalization at 6.18x Reorganization @ 9/30/09

Pre-Rights Offering	$mm	2009e EBITDA Multiple
Debt Summary		
CCO debt	$10,622	4.32x
CCOH debt	1,150	4.79x
CCH II debt	2,459	5.79x
CCH II accrued interest	297	5.91x
Total debt	$14,528	5.91x
Excess cash [2][3]	$570	(0.23x)
Net debt	$13,957	5.68x
Vulcan debt tip	85	
Value of warrants	62	
Value of CCI PIK preferred	72	
Cash collateralized L/C facility	(150)	
Pre-Rights Offering Equity	$mm	% Own.
CCH I bondholders	$519	86.2%
Vulcan bank reinstatement tip	83	13.8%
Total equity value	$602	100.0%
Total enterprise value	$14,629	5.95x

Post-Rights Offering	$mm	2009e EBITDA Multiple
Debt Summary		
CCO debt	10,622	4.32x
CCOH debt	1,150	4.79x
CCH II new notes	1,701	5.48x
Total debt	$13,472	5.48x
Excess cash [3]	$346	(0.14x)
Net debt	$13,126	5.34x
Vulcan debt tip	0	
Value of warrants	62	
Value of CCI PIK preferred	72	
Cash collateralized L/C facility	(150)	
Fees (paid in 4Q09)	82	
Post-emergence restrucing exp.	102	
Adjustments	(180)	
Post-Rights Offering Equity	$mm	% Own.
CCH I holders - pre-money equity	$402	18.7%
CCH I holders - rights offering equity	1,682	78.3%
Vulcan bank reinstatement tip	64	3.0%
Total equity value	$2,149	100.0%
Total enterprise value	$15,263	6.21x

Financial Summary Projections

	FYE 12/31/08	FYE 12/31/09	3 Mo. Ended 12/31/09	FYE 12/31/10	FYE 12/31/11	FYE 12/31/12	FYE 12/31/13	'08-'13 CAGR
Key Financials								
Revenue	$5,467	$6,795	$1,740	$7,122	$7,511	$7,924	$8,327	5.2%
% growth		5.1%	n/a	4.8%	5.5%	5.5%	5.1%	
EBITDA	2,315	2,410	641	2,547	2,715	2,890	3,026	5.5%
% growth		4.1%	n/a	5.7%	6.6%	6.5%	4.7%	
% margin	35.8%	35.5%	36.8%	35.8%	36.1%	36.5%	36.3%	
Net cash interest expense			(207)	(846)	(905)	(893)	(830)	
Income taxes			(2)	(8)	(8)	(8)	(8)	
Δ in working capital			14	58	42	73	71	
Capex			(268)	(1,180)	(1,192)	(1,115)	(1,101)	
Bank debt amortization			(18)	(70)	(70)	(70)	(70)	
Debt maturities			0	0	0	(1,100)	(2,115)	
Commitment fee			(82)	0	0	0	0	
FCF after financing activities			$78	$501	$582	($222)	($1,027)	
Cash balance		446	525	1,026	1,608	1,386	359	
Funding gap		0	0	0	0	0	0	
Debt Capitalization Summary		@9/30/09 PF						
CCO debt		10,622	10,534	10,534	10,464	9,294	7,909	
CCOH debt		1,150	1,150	1,150	1,150	1,150	350	
CCH II new notes		1,701	1,701	1,701	1,701	1,701	1,701	
Total debt		$13,472	$13,385	$13,385	$13,315	$12,145	$9,960	
Total cash		446	525	1,026	1,608	1,386	359	
Net debt		13,026	12,859	12,359	11,706	10,759	9,600	
CCI PIK preferred note		72	75	86	99	114	131	
LIBOR rate			1.5%	1.8%	2.7%	3.4%	3.8%	
Credit Statistics								
Interest coverage ratio [5]			3.06x	2.96x	2.92x	3.13x	3.57x	
Fixed charge coverage ratio [6]			1.36x	1.47x	1.52x	1.79x	2.10x	
		Covenant						
Total 1st lien CCO leverage		4.00x	3.04x	3.03x	2.83x	2.64x	2.09x	
% cushion			24.0%	24.2%	29.3%	34.0%	47.8%	
EBITDA cushion			$363	$517	$703	$895	$1,377	
		Covenant						
Total CCO leverage		5.00x	3.94x	3.93x	3.68x	3.08x	2.50x	
% cushion			21.2%	21.3%	26.5%	38.5%	49.9%	
EBITDA cushion			$289	$440	$622	$1,031	$1,444	
Total leverage			5.58x	5.26x	4.90x	4.20x	3.29x	
Net leverage			5.36x	4.85x	4.31x	3.72x	3.17x	

Valuation @ Exit (12/31/13)	
FY2013e EBITDA	$3,026
Exit multiple	6.5x
Total enterprise value	$19,667
Net debt @ 12/31/13	(9,600)
CCI PIK preferred note	(131)
Equity value	$9,936
Less options/warrants:	
Management options (3.0%)	(234)
Warrants to Vulcan (4.0%)	(311)
Warrants to CIH (1.1%)	(50)
Warrants to CCH (0.2%)	(9)
Equity value adj. for options/warrants	$9,331

Returns Analysis	
CCH I Bond Recovery	
Equity value @ 0.6% ownership	$60
Face value of CCH I bond investment	138
Recovery	43.6%
Fund I Return	
Crestview equity @ 3.4% ownership	$313
Add: Net interest received	23
Less: Repayment of Dune loan	(3)
Return on investment	$333
Equity invested	171
IRR	14.1%
ROI	1.94x
Fund II Return	
Crestview equity @ 8.1% ownership	$756
Backstop investment	169
IRR	42.4%
ROI	4.49x

Notes

1. Based on Crestview's $138 million investment in CCH I notes ($3,987 million total outstanding)
2. Excludes some cash outflow items that are incurred post rights-offering including $450 million swap payment, $150 million cash collaterization of L/Cs and other adjustments (timing of interest payments of $82.1 million and contingency amount of $30.0 million)
3. Excludes $100 million of maintenance cash
4. Vulcan debt tip of $85 million accounted for in CCH II new notes
5. Interest coverage ratio defined as EBITDA divided by gross cash interest expense
6. Fixed charge coverage ratio defined as EBITDA less capex divided by gross cash interest expense and bank amortization

Exhibit B – Rights Offering Returns Analysis Model Summary (cont'd)

DOWNSIDE CASE

Crestview Investment in Rights Offering	$mm
Fund I investment - pro rata [1]	$56.4
Fund II investment – backstop	$168.6
Total investment	$225.0
Total capital committed	$225
Crestview commitment fee earned (3.0%)	$6.8

Crestview Equity Ownership	
Fund I	
Ownership from existing CCH I bonds [1]	0.6%
Ownership from pro rata share of rights offering	2.7%
Total	3.4%
Fund II	
Backstop	8.1%
Total Crestview ownership	11.5%

Model Assumptions	
Reorganization multiple	6.18x
2009e Plan EBITDA	$2,457
Exit multiple	6.5x
Rights offering discount	25.0%
Rate for new CCH II notes	13.5%
Value of Vulcan's CCVIII	$150
Vulcan post-money tip	3.0%
Commitment fee	3.0%
Preferred PIK rate	15.0%
CCH II notes to Vulcan	$85

Options & Warrants	Pre-Money	Post-Money	Strike Price
Management options		3.0%	$2,149
Warrants to Vulcan		4.0%	$2,149
Warrants for junior debt holders:			
to CIH	5.0%	1.1%	$5,300
to CCH	1.0%	0.2%	$5,800
Total	6.0%	1.3%	

Sources & Uses

Sources	$mm	%
Rights Offering		
Crestview pro rata [1]	$56	3%
Crestview backstop	$169	10%
Other participants	1,404	86%
Proceeds from rights offering	$1,629	100%
Overallotment of Rights Offering:		
Proceeds from overallotment	$0	0%
Total proceeds from rights offering	$1,629	100%
CCH II new 13.5% notes	$267	
Rolled CCH II notes	1,349	
Total sources	$3,244	

Uses	$mm	%
Cash out CCH II notes	$1,407	43%
Rolled CCH II notes	1,349	42%
Additional cash on balance sheet	488	15%
Total uses	$3,244	100%

Capitalization at 6.18x Reorganization @ 9/30/09

Pre-Rights Offering	$mm	2009e EBITDA Multiple
Debt Summary		
CCO debt	$10,622	4.32x
CCOH debt	1,150	4.79x
CCH II debt	2,459	5.79x
CCH II accrued interest	297	5.91x
Total debt	$14,528	5.91x
Excess cash [2][3]	$570	(0.23x)
Net debt	$13,957	5.68x
Vulcan debt tip	85	
Value of warrants	62	
Value of CCI PIK preferred	72	
Cash collateralized L/C facility	(150)	
Pre-Rights Offering Equity	**$mm**	**% Own.**
CCH I bondholders	$519	86.2%
Vulcan bank reinstatement tip	83	13.8%
Total equity value	$602	100.0%
Total enterprise value	$14,629	5.95x

Post-Rights Offering	$mm	2009e EBITDA Multiple
Debt Summary		
CCO debt	10,622	4.32x
CCOH debt	1,150	4.79x
CCH II new notes	1,701	5.48x
Total debt	$13,472	5.48x
Excess cash [4]	$346	(0.14x)
Net debt	$13,126	5.34x
Vulcan debt tip	0	
Value of warrants	62	
Value of CCI PIK preferred	72	
Cash collateralized L/C facility	(150)	
Fees (paid in 4Q09)	82	
Post-emergence restrucing exp.	102	
Adjustments	(180)	
Post-Rights Offering Equity	**$mm**	**% Own.**
CCH I holders - pre-money equity	$402	18.7%
CCH I holders - rights offering equity	1,682	78.3%
Vulcan bank reinstatement tip	64	3.0%
Total equity value	$2,149	100.0%
Total enterprise value	$15,263	6.21x

Financial Summary Projections

	FYE 12/31/08	FYE 12/31/08	3 Mo. Ended 12/31/09	FYE 12/31/10	FYE 12/31/11	FYE 12/31/12	FYE 12/31/13	'08-'13 CAGR
Key Financials								
Revenue	$6,467	$6,686	$1,712	$6,826	$7,100	$7,384	$7,584	3.2%
% growth		3.4%	n/a	2.1%	4.0%	4.0%	2.7%	
EBITDA	2,315	2,357	626	2,392	2,491	2,581	2,611	2.4%
% growth		1.8%	n/a	1.5%	4.1%	3.6%	1.2%	
% margin	35.8%	35.2%	36.6%	35.0%	35.1%	35.0%	34.4%	
Net cash interest expense			(207)	(848)	(911)	(905)	(870)	
Income taxes			(2)	(8)	(8)	(8)	(8)	
Δ in working capital			14	25	23	50	35	
Capex			(268)	(1,180)	(1,192)	(1,115)	(1,101)	
Bank debt amortization			(18)	(70)	(70)	(70)	(70)	
Debt maturities			0	0	0	(1,100)	(2,115)	
Commitment fee			(82)	0	0	0	0	
FCF after financing activities			$64	$311	$333	($567)	($1,518)	
Cash balance		446	510	822	1,154	588	(930)	
Funding gap		0	0	0	0	0	1,030	
Debt Capitalization Summary		@ 9/30/09 PF						
CCO debt		10,622	10,534	10,534	10,464	9,294	7,909	
CCOH debt		1,150	1,150	1,150	1,150	1,150	350	
CCH II new notes		1,701	1,701	1,701	1,701	1,701	1,701	
Total debt		$13,472	$13,386	$13,385	$13,316	$12,146	$10,090	
Total cash		446	510	822	1,154	588	100	
Net debt		13,026	12,874	12,563	12,160	11,557	10,890	
CCI PIK preferred note		72	76	86	99	114	131	
LIBOR rate			1.5%	1.8%	2.7%	3.4%	3.8%	
Credit Statistics								
Interest coverage ratio [5]			2.99x	2.78x	2.68x	2.80x	2.98x	
Fixed charge coverage ratio [6]			1.31x	1.30x	1.30x	1.48x	1.59x	
		Covenant						
Total 1st lien CCO leverage		4.00x	3.11x	3.22x	3.08x	2.95x	2.79x	
% cushion			22.3%	19.4%	23.1%	26.2%	30.2%	
EBITDA cushion			$310	$363	$479	$586	$706	
		Covenant						
Total CCO leverage		5.00x	4.02x	4.18x	4.00x	3.44x	3.27x	
% cushion			19.5%	18.3%	20.0%	31.2%	34.6%	
EBITDA cushion			$236	$285	$398	$722	$824	
Total leverage			5.71x	5.59x	5.35x	4.71x	4.21x	
Net leverage			5.49x	5.25x	4.88x	4.48x	4.17x	

Valuation @ Exit (12/31/13)	
FY2013e EBITDA	$2,611
Exit multiple	6.5x
Total enterprise value	$16,974
Net debt @ 12/31/13	(10,890)
CCI PIK preferred note	(131)
Equity value	$5,953
Less options/warrants:	
Management options (3.0%)	(114)
Warrants to Vulcan (4.0%)	(152)
Warrants to CIH (1.1%)	(7)
Warrants to CCH (0.2%)	(0)
Equity value adj. for options/warrants	$5,680

Returns Analysis	
CCH I Bond Recovery	
Equity value @ 0.6% ownership	$37
Face value of CCH I bond investment	138
Recovery	26.7%
Fund I Return	
Crestview equity @ 3.4% ownership	$191
Add: Net interest received	23
Less: Repayment of Dune loan	(3)
Return on investment	$210
Equity invested	171
IRR	4.3%
ROI	1.23x
Fund II Return	
Crestview equity @ 8.1% ownership	$460
Backstop investment	169
IRR	25.7%
ROI	2.73x

Notes
1. Based on Crestview's $138 million investment in CCH I notes ($3,987 million total outstanding)
2. Excludes some cash outflow items that are incurred post rights-offering including $460 million swap payment, $150 million cash collaterization of L/Cs and other adjustments (timing of interest payments of $92.1 million and contingency amount of $30.0 million)
3. Excludes $100 million of maintenance cash
4. Vulcan debt tip of $85 million accounted for in CCH II new notes
5. Interest coverage ratio defined as EBITDA divided by gross cash interest expense
6. Fixed charge coverage ratio defined as EBITDA less capex divided by gross cash interest expense and bank amortization

Executive Summary

- Charter is a sales driven company with strong executive leadership supported by financially disciplined decision making.
- Service delivery is a key weakness: high cost, high variability and relatively lower quality.
- Even before triple play competition from AT&T and Verizon, Charter suffers from high churn across its advanced services (digital, data, & phone). AT&T and Verizon have better service levels than Charter.
- Charter's most sensitive operational value driver is churn. By improving churn from 36% to 30% per year, Charter would deliver $200m additional annual cash flow in 2013. This churn level would move the company to 'best practice' for US cable operators.
- Opportunity/Risk summary

		Per Annum		Total
Element	Type	Upside OPEX/EBITDA 2013 ($m)	Downside OpEx/EBITDA 2013 ($m)	Downside CapEx ($m)
Network Quality[1]	CapEx			375
Churn	EBITDA	200		
Service Operations	OpEx	50		
Customer Care	OpEx	50		
CPE[2]	CapEx	33		
Total		333		375

[1]Cumulative investment; assumed $125m pa over 3 fiscal years
[2]Total savings of $66m during 2012-2013 period

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SWOT

Strengths

- Network reach and structure
- DOCSIS 3.0 upgrade unit costs approach best practice and provide an opportunity to 'lead with speed'
- Customer Care is positioned for significant improvement in efficiency & effectiveness
- Customer Care is performing well with regard to up and cross-selling at 11% compared to best practice of 15%
- Customer Care Save teams performing well at 75%
- CPE strategy is solid with good unit costs except for DVR
- IT is simple and low cost with total cash out < 2% of revenue
- Relatively low capital intensity; solid governance

Opportunities

- Reducing churn from 3% to 2.5% per month will deliver $200m of new annual EBITDA by 2013
- Reducing cost of Customer Care from 4.9% to 4% of revenue will deliver $50m of new annual EBITDA by 2013:
  - improve AHT/FCR to industry benchmark
  - drive 'end to end' process improvement and targeted investment to reduce calling intensity
  - increase outsourcing from 40% to 67%
- Reducing cost of Service Operations from 7.7% to 7.0% of revenue will deliver up to $50m of new EBITDA by 2013:
  - reduce LFI by targeted investment in Access Network
  - Drive performance of outlying KMAs to average; consistently improve best performing KMA's
  - streamline the organization for efficiency and optimized performance
- In-source billing system should deliver between $40-50m of new EBITDA by 2013 (post consolidation)
- Lower cost of HD & HD/DVR through wider competition ($60m)

Weaknesses

- Churn at 36% of RGU's per year is 50% above best practice
- Very high variability of operational performance across KMA's
- Customer Care contact rate of 5.8 contacts per RGU per year is >80% above industry average
- Access Network Line Fault Index of 17.5% is >70% higher than best practice
- Under investment in Access Network at 2% p.a.
- High internal unit cost of Customer Care at $.85 per minute leading to high cost per call
- Customer Care AHT ~8 minutes compared to 5 min benchmark
- Low Customer Care outsourcing ratio
- HD and HD/DVR CPE appear overpriced

Threats

- Entrance of AT&T and Verizon with better operating KPI's and stronger brand
- Charter may have to invest up to $375m over 3 fiscal years to improve the quality of the Access Network in order to:
  - driving improvements in churn,
  - cost of Service Operations and Customer Care.
- Investment would be highly focused and business-case driven
- Availability of capital for investment

4

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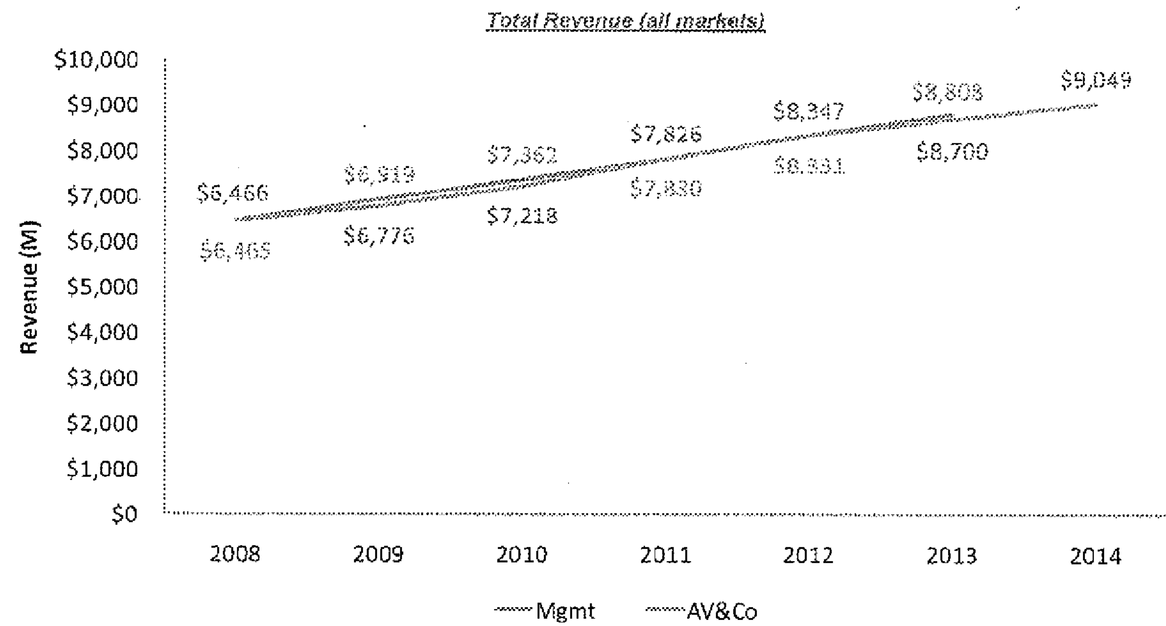
Conclusions

- Charter has built a solid operating platform over the past two years
- There are meaningful upsides to the company's LRP with strong 'change' actions. Investment to achieve these upsides should be business case driven.
- High Customer Care call volume driven by technical issues and high fault rates indicate quality issues. The Charter operating team plans to have tools and procedures in place by early 2010 to systematically address this high negative work volume.
- The most sensitive operating parameter is customer churn where meaningful financial benefits are possible from improved performance.
- Cost upside also exists in the Customer Care and Service Operations functional organizations.

Forecast Summary – Total Revenue

⇨ **AV&Co.'s revenue forecast is within 2% of management's throughout the analyzed timeframe**



Comparison Table	2008	2009	2010	2011	2012	2013	2014
Difference (AV&Co - Mgmt, $M)	$0	($143)	($144)	($4)	$15	($108)	
Difference % of Mgmt Total	0.00%	-2.07%	-1.95%	-0.05%	0.19%	-1.23%	
Management YoY Growth		7.02%	6.40%	6.35%	6.40%	5.73%	
AV&Co YoY Growth		4.80%	6.53%	8.42%	6.66%	4.23%	4.01%

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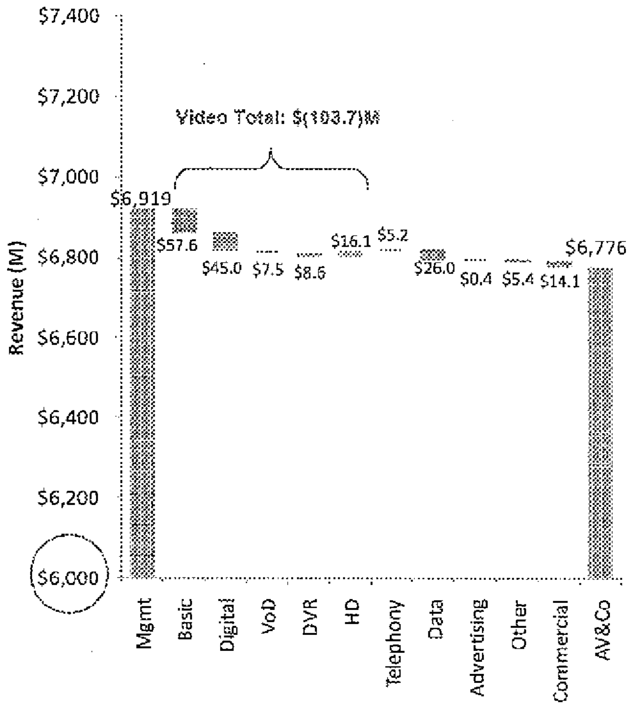
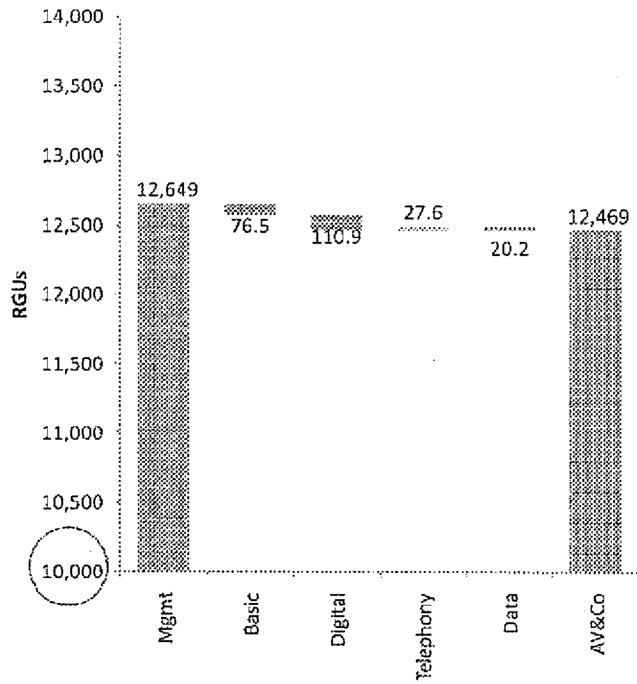
Revenue and RGU Bridge

⇨ The $143M difference in forecasted revenue in 2009 will be driven mainly by contraction in basic and digital subscriber totals

Revenue Bridge – 2009 Forecast



RGU Bridge – 2009 Forecast



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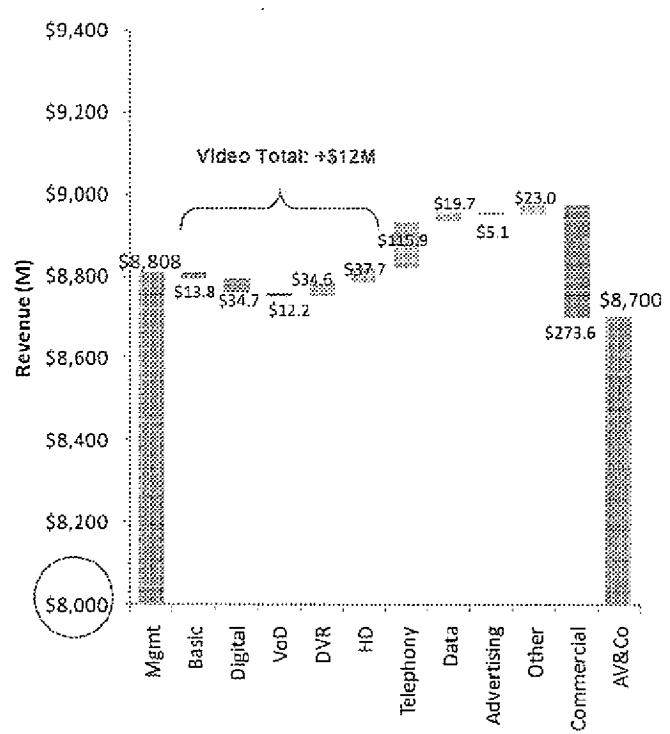
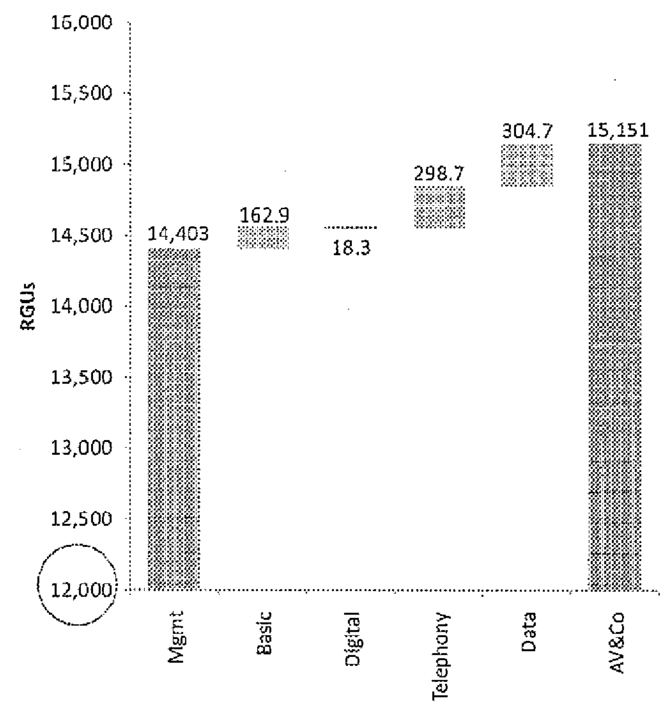
Revenue and RGU Bridge

⇨ **The $129M difference in forecasted revenue in 2009 will be driven mainly by contraction in basic and digital subscriber totals, as well as lower commercial forecast**

Revenue Bridge – 2013 Forecast



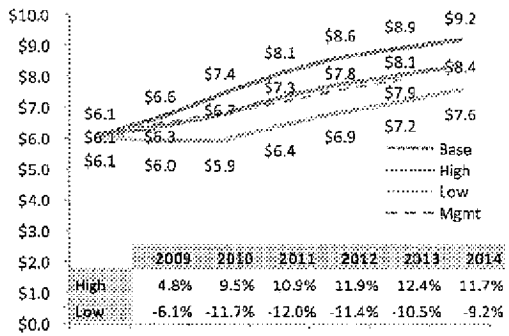
RGU Bridge – 2013 Forecast



Preliminary Scenario Output

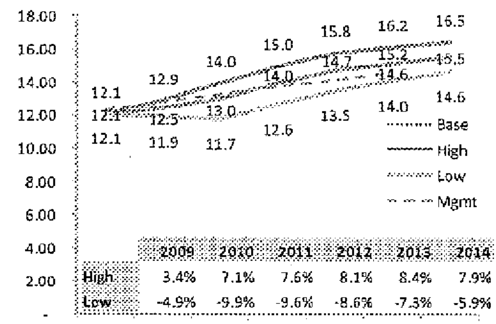
⇨ In addition to our base case, we have developed two alternative scenarios for Charter's residential forecast

Total Residential Revenue ($B)



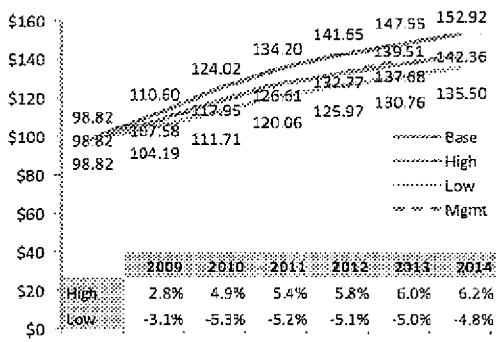
	2009	2010	2011	2012	2013	2014
High	4.8%	9.5%	10.9%	11.9%	12.4%	11.7%
Low	-6.1%	-11.7%	-12.0%	-11.4%	-10.5%	-9.2%

Total RGUs (Millions)



	2009	2010	2011	2012	2013	2014
High	3.4%	7.1%	7.6%	8.1%	8.4%	7.9%
Low	-4.9%	-9.9%	-9.6%	-8.6%	-7.3%	-5.9%

Blended ARPU ($s)



	2009	2010	2011	2012	2013	2014
High	2.8%	4.9%	5.4%	5.8%	6.0%	6.2%
Low	-3.1%	-5.3%	-5.2%	-5.1%	-5.0%	-4.8%

Low Case: ~10th percentile

- More intense competitive situation and longer and more severe economic downturn, will slow down data and telephony market share gains, while further accelerate basic video declines
- Market growths for multichannel and broadband will also slow down but reach similar end points
- Additionally, ARPUs for most services will suffer slight declines over the base case

High Case: ~90th percentile

- The economic recovery is improved from the base case, and the competition (particularly fiber) underperforms our expectations
- As a result, broadband and multichannel markets will grow faster, ARPUs will see moderate increases, and penetration of services will outpace the rates in the base case

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Exhibit E – Rights Offering Subscription Schedule

Equity Backstop Analysis

$ in millions

	Equity Backstop Parties										
	Apollo	Oaktree	Crestview	Franklin	Fidelity	MFC	Abbett	WAMCO	CapRe	Other	Total
Face value of CCH I debt	$477.9	$577.3	$138.0	$925.0	$325.8	$66.6	$78.6	$198.4	$119.7	$1,079.8	$3,987.0
% of class owned	12.0%	14.5%	3.5%	23.2%	8.2%	1.7%	2.0%	5.0%	3.0%	27.1%	100.0%
Equity rights offering amount	$1,628.6	$1,628.6	$1,628.6	$1,628.6	$1,628.6	$1,628.6	$1,628.6	$1,628.6	$1,628.6	$1,628.6	$1,628.6
Pro-rata rights entitlement	12.0%	14.5%	3.5%	23.2%	8.2%	1.7%	2.0%	5.0%	3.0%	27.1%	100.0%
Pro-rata share of rights	$195.2	$235.8	$56.4	$377.8	$133.1	$27.2	$32.1	$81.0	$48.9	$441.1	$1,628.6
% of rights subscribed	100.0%	100.0%	100.0%	70.3%	0.0%	91.9%	0.0%	44.0%	0.0%	0.0%	0.0%
Pro-rata rights exercised	$195.2	$235.8	$56.4	$265.5	$0.0	$25.0	$0.0	$35.7	$0.0	$0.0	$813.6
Total equity commitment	$755.3	$322.8	$225.0	$265.5	$0.0	$25.0	$0.0	$35.0	$0.0	$0.0	$1,628.6
Less: pro-rata share of rights exercised	($195.2)	($235.8)	($56.4)	($265.5)	$0.0	($25.0)	$0.0	($35.0)	$0.0	$0.0	($812.9)
Equity backstop commitment	$560.1	$87.0	$168.6	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$815.7
% of backstop commitment	**68.7%**	**10.7%**	**20.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**100.0%**
Minimum equity overallotment	$400.0	$400.0	$400.0	$400.0	$400.0	$400.0	$400.0	$400.0	$400.0	$400.0	$400.0
% of backstop commitment	68.7%	10.7%	20.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%
Overallotment allocation	$274.7	$42.7	$82.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$400.0
Equity Allocation											
Pro-rata share of rights exercised	$195.2	$235.8	$56.4	$265.5	$0.0	$25.0	$0.0	$35.7	$0.0	$0.0	$813.6
Overallotment allocation	274.7	42.7	82.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	400.0
Total equity	$469.9	$278.5	$139.1	$265.5	$0.0	$25.0	$0.0	$35.7	$0.0	$0.0	$1,213.6

Crestview

The New York Times

Business/Financial Desk; SECTA
Americans Flock to the Movies, Seeking a Silver-Screen Lining

By MICHAEL CIEPLY and BROOKS BARNES
1,019 words
1 March 2009
The New York Times
Late Edition - Final
1
English

LOS ANGELES -- Hollywood could get used to this recession thing.

While much of the economy is teetering between bust and bailout, the movie industry has been startled by a box-office surge that has little precedent in the modern era. Suddenly it seems as if everyone is going to the movies, with ticket sales this year up 17.5 percent, to $1.7 billion, according to Media by Numbers, a box-office tracking company.

And it is not just because ticket prices are higher. Attendance has also jumped, by nearly 16 percent. If that pace continues through the year, it would amount to the biggest box-office surge in at least two decades.

Americans, for the moment, just want to hide in a very dark place, said Martin Kaplan, the director of the Norman Lear Center for the study of entertainment and society at the University of Southern California.

"It's not rocket science," he said. "People want to forget their troubles, and they want to be with other people."

Helping feed the surge is the mix of movies, which have been more audience-friendly in recent months as the studios have tried to adjust after the lackluster sales of more somber and serious films.

As she stood in line at the 18-screen Bridge theater complex here on Thursday to buy weekend tickets for "Jonas Brothers: The 3D Concert Experience," Angel Hernandez was not thinking much about escaping reality. Instead, Ms. Hernandez, a Los Angeles parking lot attendant and mother of four young girls, was focused on one very specific reality: her wallet.

Even with the movie carrying a premium price of $15 because of its 3-D effects -- children's tickets typically run $9 at the Bridge -- Ms. Hernandez saw the experience as a bargain.

"Spending hundreds of dollars to take them to Disneyland is ridiculous right now," she said. "For $60 and some candy money I can still be a good mom and give them a little fun."

A lot of parents may have been thinking the same thing Friday, as "Jonas Brothers" sold out more than 800 theaters, according to MovieTickets.com, and was expected to sell a powerful $25 million or more in tickets.

Other movies kept up their blistering sales pace, too, including "Tyler Perry's Madea Goes to Jail," about a gun-toting grandma. Even "Taken," a relatively low-cost thriller starring Liam Neeson, is barreling past the $100 million mark this weekend.

Historically speaking, the old saw that movies do well in hard times is not precisely true. The last time Hollywood enjoyed a double-digit jump in attendance was 1989, when the unemployment rate was at a

comfortable 5.4 percent and the Gothic tone of that year's big hit, "Batman," seemed mostly the stuff of fantasy. That year, the number of moviegoers shot up 16.4 percent, according to Box Office Mojo, a box-office reporting service.

In 1982, theater attendance jumped 10.1 percent to about 1.18 billion (the top seller was "E.T.: The Extra-Terrestrial") as unemployment rose sharply past 10 percent. Then admissions fell nearly 12 percent, an unusually sharp drop, in 1985 (the "Back to the Future" year), as the economy picked up -- suggesting that theater owners have sometimes found fortunes in times of distress, and distress in good times.

Academic research on the matter is scant. One often-quoted scholarly study by Michelle Pautz, of Elon University, was published by the journal Issues in Political Economy in 2002. Over all, it said, the portion of the American population that attended movies on a weekly basis dropped from around 65 percent in 1930 to about 10 percent in the 1960s, and pretty much stayed there.

The film industry appears to have had a hand in its recent good luck. Over the last year or two, studios have released movies that are happier, scarier or just less depressing than what came before. After poor results for a spate of serious dramas built around the Middle East ("The Kingdom," "Lions for Lambs," "Rendition"), Hollywood got back to comedies like "Paul Blart: Mall Cop," a review-proof lark about an overstuffed security guard.

"A bunch of movies have come along that don't make you think too much," said Marc Abraham, a producer whose next film is a remake of "The Thing."

Certainly exhibitors are looking for a profit lift in the downturn. A new report from Global Media Intelligence on Friday predicted that the fortunes of movie theater operators like Regal Entertainment and Cinemark Holdings would be "increasingly favorable against a backdrop of highly negative economic news."

Cinematic quality has little to do with it. The recent crop of Oscar nominees has fared poorly, for the most part, at the box office. Lighter fare has drawn the crowds.

"It would take a very generous person to call these pictures anything other than middle-of-the-road, at best," said Roger Smith, the executive editor of Global Media Intelligence.

The box-office surge started just before Christmas with the comedy "Marley & Me," in which Jennifer Aniston was upstaged by a dog. And it has continued, weekend by weekend, with little sign of let-up, analysts say.

"Watchmen," a dark superhero film, opens March 6 and is expected to do megawatt business. It is to be followed by "Monsters vs. Aliens," a 3-D behemoth from DreamWorks Animation that analysts expect to have the biggest March opening ever for a nonsequel.

Movie theaters are already adding 3 a.m. screenings for "Watchmen" next week, and advance sales by online ticket companies like Fandango and MovieTickets.com have been strong.

"Fandango is experiencing the best first quarter in its history for ticket sales," said Rick Butler, its chief operating officer. "I see no signs of a drop-off."

THE WALL STREET JOURNAL.
Media & Marketing
Mobile, DVR Video Log Fastest Growth

By Elizabeth Holmes
475 words
23 February 2009
The Wall Street Journal
B6
English

Corrections & Amplifications
A chart that accompanied a Media & Marketing article Monday showed average time spent per month on selected media platforms in the US in hours and minutes. The data were incorrectly labeled as average minutes.

(WSJ February 25, 2009)
(END)
Online video is cutting into television, albeit slowly.

People are watching more video than ever on every type of screen -- television, the Internet and mobile devices -- according to a report on the nation's viewing habits to be released Monday by Nielsen Co.

Nielsen found that during the fourth quarter of 2008 the number of users and the time spent watching each of the three screen media rose from the previous quarter. "If people like video, they like it wherever they can get it," said Susan Whiting, vice chair of Nielsen.

The biggest jumps came in the number of viewers watching video on mobile devices and "time shifted" television, that is, programming viewed with a digital-video recorder. Each rose about 9% in the fourth quarter from the third quarter. Roughly 11 million people used mobile viewing and 74 million people watched DVR programming. Internet video users increased 2.3% to 123 million people.

Traditional television is still the most popular by far. Roughly 285 million of the nation's 306 million people watched TV in their home in the fourth quarter, up about three million people, or 1%, from the prior quarter.

Television also wins in terms of the time spent on each medium. People spent more time watching TV: an average of 151 hours a month or five hours a day -- a record high, according to Nielsen. That is a 7% increase, or roughly 11 hours more.

Internet video viewers, on the other hand, spent just under three hours on that a month, or 22 more minutes than the prior quarter, a nearly 15% increase.

In both time spent and number of viewers, Internet video grew at a rate twice that of television. Michael Vorhaus, president of consulting firm Frank N. Magid Associates, points to the growth as a threat to traditional television viewing. "It's not going to go away and it's not going to get better," he said.

For the first time in the Nielsen study, people ages 18-24 spent nearly the same amount of time -- roughly five hours -- watching Internet video each month as they did watching DVR programs. Other age brackets watched half as much or less Internet video than they did DVR video.

Online video viewing is increasingly seen as more valuable than DVR viewing because, unlike DVR viewing, viewers can't fast-forward through the advertising.

Television viewing, however, remains the most valuable for advertisers because of its breadth of audience.

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Turn On, Tune Out, Click Here --- TV Viewers Cut Cable's Cord; Here's What They're Watching Online Instead

By Nick Wingfield
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Kenny Johnson, a senior credit analyst for Fox Home Entertainment in Garden Grove, Calif., recently took a hard look at his finances -- and canceled his cable-television subscription.

With a newborn child at home and growing household expenses, he says the decision saved him and his wife more than $40 a month -- or roughly the increase he is paying at the gas pump every month for his commute to work. The couple held onto their DSL Internet connection, which costs about $38 a month.

Now the Johnsons access most of their television shows online, through Web sites like Hulu.com, in addition to the free broadcasts they pick up over the airwaves. They also bought a set-top box that allows them to stream shows via Netflix.com to their television set, including episodes of NBC's "The Office" and Showtime's "Weeds."

"To me, it looks just like my cable," Mr. Johnson says.

In the past two years, nearly every major network show and many of the biggest cable programs have become available on the Internet. The virtual library of content includes everything from "Desperate Housewives" and "CSI" to "The Colbert Report" and "Mad Men."

Some of the biggest hits online are memorable TV moments. More than half of the people who saw recent "Saturday Night Live" skits featuring comedian Tina Fey as vice presidential candidate Sarah Palin watched the skits over the Internet, according to a survey of 500 viewers on Monday by Solutions Research Group. Nearly a quarter saw them on YouTube and 21% saw them on NBC.com or Hulu.com.

Many shows can be viewed for free and are accompanied by a dollop of ads that's small when compared with the number of commercial breaks on television. As a result, some cost-conscious consumers are ditching their cable subscriptions altogether.

"I'm saving a lot of money," says Tony Leach, a product manager at an online stock brokerage firm in the Bay Area. Mr. Leach canceled his $60-a-month cable subscription two years ago and has watched all of his favorite television shows on the Internet ever since.

The online television bonanza reflects a scramble by networks and cable stations to avoid the fate of the music business, which is still reeling from the effects of piracy and early missed opportunities to capitalize on the Internet.

Complete episodes of about 90% of prime-time network television shows and roughly 20% of cable shows are now available online, according to Forrester Research analyst James McQuivey. There are still notable holdouts,

such as Fox's "American Idol" and current seasons of HBO series like "Entourage."

But by aggressively seeking to stay ahead of consumer behavior, content providers are also fueling the growth of this new form of distribution, and that could undermine the economics of the television business, critics say. More than 80% of US households pay an average of $70 a month to get programming piped into their homes via cable, satellite or telephone companies. Most of the remaining households watch advertising-supported shows on their TVs -- programs that are broadcast the old-fashioned way, over the public airwaves.

The number of people watching all of their programs online is still small; some estimates put the number at just 1% of the total television audience. In part, that's because watching online isn't as easy as channel surfing on the couch, TV remote in hand. Viewers must either watch shows on their personal computers, or use a device like Apple TV, which allows them to download shows from the Internet onto their television sets.

Within the next several years, however, media and technology executives say that a host of new technologies will make television access to online video a mainstream phenomenon. Vudu Inc. already sells a $299 set-top box with a remote control that allows users to download television shows for $1.99 per episode. Microsoft and Sony both sell television shows that users of their Xbox 360 and PlayStation 3 videogame consoles can download over the Internet for viewing on television sets.

Netflix subscribers can buy a $99 set-top box from Roku Inc. that streams videos on their television sets. The service is included at no extra charge in the monthly Netflix fee for renting DVDs.

Patrick Crowley, a 35-year-old free-lance Web designer who lives and works in a loft in downtown San Diego, has configured his computer and his space so he can shift easily between work and play. His Macintosh has a 24-inch monitor and sits on a desk on one side of his living room, where he spends most of the day working on projects for clients. After hours, the Mac serves as his entertainment center, which explains the couch, lounge chair and coffee table positioned across from it on the other side of room.

Seated at his computer, Mr. Crowley types Hulu.com into the Web browser. (The site is a joint venture of NBC Universal and Fox, whose owner, News Corp., also owns The Wall Street Journal.) That's where he goes to watch many of his favorite shows, such as the Comedy Central's "The Daily Show with Jon Stewart." He also downloads programs from iTunes, where advertising-free episodes sell for $1.99 each. His library has about 100 episodes, including installments of Showtime's "Weeds " and NBC's "Studio 60 on the Sunset Strip." He's even installed an application onto his iPhone that turns the device into a remote control for his iTunes video downloads, so he can change clips without getting up from his couch.

It takes about 10 minutes to download a half-hour TV show on iTunes, though Mr. Crowley says he can usually start watching it a few seconds after the download begins. Shows on Hulu and the television networks' own Web sites are "streamed," a method that allows videos to begin playing instantly but leaves no permanent copy on users' computers.

Since canceling his cable television service from Cox a year and a half ago, while maintaining his high-speed Internet connection through the company, his monthly service bill has gone to about $60 a month from $160. "It's a much more efficient way of watching TV," says Mr. Crowley. He figures he spends about $8 a month at the iTunes video store, and watches about as much television as he did before he cut the cable cord.

A survey of NBC.com users in the second quarter of 2008 showed that 83% of respondents watched a show on the network's Web site because they missed its original airing. "We see no evidence of a substantial number of people choosing to watch online instead of on television," says Alan Wurtzel, president of research for NBC Universal.

Most television shows are available online only after a delay from their original air date, anywhere from a day to months later. Televisions networks take down many older episodes after a while, so users don't have a permanent library of some shows.

The online selection of live sports games is spotty as well. This season, for example, the National Football League will make Sunday night games available live on the Net, but those amount to only about 7% of all regular-season NFL match-ups. Cable and broadcast news shows typically aren't streamed live on the Internet, unless there's a major breaking news event like Hurricane Katrina.

Still, research firm Nielsen Online estimates that in June, 3.2 million Internet users watched more than 106 million video streams on Hulu.com, a site that wasn't available to the public until March. Walt Disney Co.'s ABC.com delivered nearly 27 million streams to 2.9 million viewers that same month, according to Nielsen. The data include everything from behind-the-scenes clips and segments of shows to complete episodes.

Other research indicates that online video-watching is cannibalizing television audiences. According to a spring survey by Integrated Media Measurement Inc., a research firm that tracks media consumption, more than 20% of viewers in the firm's 3,200-person panel watched some prime-time network television online, up from roughly 6% in the fall. Half of those online viewers said they were no longer watching those shows on television.

"What this study is showing is that the long-vaunted convergence of the TV and the computer is happening faster than anybody thought it was happening," says Tom Zito, Integrated Media's company's CEO.

Craig Moffett, a cable-industry analyst at Sanford Bernstein, says he believes television and cable companies are recklessly pursuing Web viewers to avoid seeming like "Luddites," without considering the long-term consequences if too many customers pull the plug on their service in favor of free Web video.

A typical half-hour television show contains about eight minutes of advertising, while that same show online contains about two minutes of ads, or about a quarter of the "ad load," Mr. Moffett says.

Cable channels, meanwhile, may be taking an especially big risk because they typically get half or more of their revenue from subscriber fees shared by cable and satellite operators -- a business that could be jeopardized if people start canceling their pay-TV subscriptions. (Broadcasters like ABC, Fox, NBC and CBS don't get a cut of subscriber fees from cable carriers, since the networks' channels are also available free.)

Tensions are beginning to heat up between cable operators and cable channels over free Web video. Glenn Britt, CEO of Time Warner Cable Inc., has been one of the most outspoken people on the topic, telling cable program executives to not expect to continue sharing subscription revenue if they keep giving their top shows away for free online. When asked how programmers have been responding to such comments, Mr. Britt says, "Not well."

Executives at several cable channels were reluctant to discuss the topic, at the risk of further straining discussions about Internet television with their cable-operator partners. "We can't just cut the cable companies out," says one of those executives.

Of course, Web watchers will still need fast Internet connections to get all that video, a potential boon for the broadband Internet businesses at cable and telecommunications companies.

Consumers' sympathy for the cable operators is in short supply after years of rate increases. Between 1995 and this year, cable and satellite prices have increased by 79%, almost double the level of inflation during that period, according to the Bureau of Labor Statistics. Total US cable-industry revenue from television subscriptions hit roughly $53 billion in 2007, plus an additional $23 billion when Internet access and telephone fees are included, according to Bernstein Research.

And while cable operators say that the industry has provided far more value over the years, with everything from more channels to video-on-demand, most consumers actually use only a small portion of the cable-television offerings they pay for. Last year, the average home received 118.6 cable channels but only tuned into about 16 of them, or 13% of the total available to them, according to the Nielsen Co.

Jeff Pulver, founder of PrimetimeRewind.tv Inc., which makes it easier to locate Web television shows, says he believes the Facebook and Google generation won't look askance at getting television shows from the Internet.

Still, adds Mr. Pulver, who also co-founded the Internet phone company Vonage, "Some people will [continue] to subscribe to cable, the way their grandparents did."

Exhibit G – Comparison of Current Returns and Returns in 2/10/2009 IC Memo

Value Recovery of CCH Value Recovery of CCH I Bonds

Current

	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	30.8%	37.3%	43.8%	50.3%	56.8%	63.3%
Management Case	7.2%	39.9%	46.9%	53.9%	61.0%	68.0%	75.0%

2/10/09 Investment Committee Memo

	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	32.3%	38.8%	45.4%	51.9%	58.5%	65.0%
Management Case	7.2%	41.1%	48.2%	55.2%	62.3%	69.4%	76.4%

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	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	(1.5%)	(1.6%)	(1.6%)	(1.6%)	(1.7%)	(1.7%)
Management Case	7.2%	(1.2%)	(1.3%)	(1.3%)	(1.3%)	(1.4%)	(1.4%)

Total Fund I Return Sensitivities

Current

	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	7.1%	10.9%	14.1%	17.0%	19.5%	21.8%	1.40x	1.67x	1.94x	2.21x	2.49x	2.76x
Management Case	7.2%	12.2%	15.5%	18.4%	21.0%	23.3%	25.4%	1.78x	2.07x	2.37x	2.66x	2.95x	3.25x

2/10/09 Investment Committee Memo

	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	8.0%	11.6%	14.8%	17.6%	20.0%	22.2%	1.46x	1.73x	2.00x	2.27x	2.55x	2.82x
Management Case	7.2%	12.8%	16.0%	18.8%	21.3%	23.6%	25.7%	1.82x	2.12x	2.41x	2.71x	3.00x	3.29x

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	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	(0.9%)	(0.8%)	(0.7%)	(0.6%)	(0.5%)	(0.5%)	(0.06x)	(0.06x)	(0.06x)	(0.06x)	(0.06x)	(0.06x)
Management Case	7.2%	(0.5%)	(0.5%)	(0.4%)	(0.4%)	(0.3%)	(0.3%)	(0.05x)	(0.05x)	(0.05x)	(0.05x)	(0.05x)	(0.05x)

Fund II Return Sensitivities

Current

	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	31.0%	37.1%	42.4%	47.1%	51.3%	55.3%	3.15x	3.82x	4.49x	5.15x	5.82x	6.49x
Management Case	7.0%	39.2%	44.7%	49.5%	53.9%	57.9%	61.6%	4.08x	4.80x	5.52x	6.25x	6.97x	7.69x

2/10/09 Investment Committee Memo

	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	32.5%	38.3%	43.5%	48.1%	52.3%	56.1%	3.30x	3.97x	4.64x	5.31x	5.98x	6.64x
Management Case	7.0%	40.2%	45.5%	50.3%	54.6%	58.5%	62.2%	4.20x	4.92x	5.64x	6.37x	7.09x	7.81x

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	'08-'13e EBITDA CAGR	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x	LTM Exit Multiple 5.5x	6.0x	6.5x	7.0x	7.5x	8.0x
Base Case	5.5%	(1.4%)	(1.3%)	(1.1%)	(1.0%)	(0.9%)	(0.9%)	(0.15x)	(0.15x)	(0.15x)	(0.15x)	(0.16x)	(0.16x)
Management Case	7.0%	(0.9%)	(0.8%)	(0.8%)	(0.7%)	(0.6%)	(0.6%)	(0.12x)	(0.12x)	(0.12x)	(0.12x)	(0.12x)	(0.12x)